

**City of Rockville, Maryland**

**Comprehensive**

**Annual Financial Report**

**Part II**

**Financial Section**

**Fiscal Year 2002**  
**July 1, 2001 - June 30, 2002**



## INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor, Members of the City Council and City Manager  
City of Rockville, Maryland

We have audited the accompanying general purpose financial statements of the City of Rockville, Maryland, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Rockville, Maryland's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Rockville, Maryland, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2002, on our consideration of the City of Rockville, Maryland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Rockville, Maryland. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The statistical data listed in the table of contents is presented for the purpose of additional analysis and is not a part of the general purpose financial statements of the City of Rockville, Maryland. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on it.

*McGladrey & Pullen, LLP*

Frederick, Maryland  
October 11, 2002

# **General Purpose Financial Statements**

These statements provide a summary overview of the financial position of all Funds and Account Groups and the operating results by Fund Types. They also serve as an introduction to the more detailed statements and schedules that follow.



# CITY OF ROCKVILLE, MARYLAND

## Combined Balance Sheet - All Fund Types and Account Groups June 30, 2002 (With Comparative Totals for 2001)

	Governmental Fund Types				Account Groups				Totals (Memorandum Only) 2001
	General	Special Revenue	Debt Service	Capital Projects	Proprietary Fund Type Enterprise	Fiduciary Fund Type Trust	General Fixed Assets	Long-Term Debt	
<b>Assets and Other Debits</b>									
Equity in pooled cash and cash equivalents (Note 2)	\$ 8,116,948	\$ 582,186	\$ 2,702,220	\$ -	\$ 18,310,084	\$ -	\$ -	\$ -	\$ 29,711,438
Investments (Note 2)	959,683	-	-	-	-	47,623,821	-	-	47,623,821
Property taxes receivable, net (Note 3)	155,935	296,115	-	-	2,349,585	-	-	-	959,883
Accounts receivable, net	2,415,663	-	-	-	-	-	-	-	2,801,635
Interfund receivable (Note 4)	2,092,068	-	-	-	-	-	-	-	2,415,663
Due from other governments (Note 5)	-	-	-	-	-	-	-	-	2,092,068
Assessments receivable	1,000,042	1,925	23,860	212,194	21,952	-	-	-	45,812
Other assets	-	-	54,196	-	85,513	-	-	-	1,353,870
Unbilled assessments receivable	-	-	2,746,165	-	512,066	-	-	-	1,552,348
Fixed assets, net (Note 7)	-	-	-	-	35,270,822	-	43,349,294	-	3,645,493
Purchased capacity (Note 6)	-	-	-	-	15,058,143	-	-	-	78,620,116
Amounts available for retirement of debt	-	-	-	-	-	-	-	-	15,058,143
Amounts to be provided for compensated absences and retirement of debt	-	-	-	-	-	-	-	2,372,116	13,787,998
<b>Total assets and other debits</b>	<b>\$14,740,339</b>	<b>\$ 880,226</b>	<b>\$5,526,441</b>	<b>\$ 212,194</b>	<b>\$71,608,165</b>	<b>\$47,623,821</b>	<b>\$43,349,294</b>	<b>\$15,961,712</b>	<b>\$18,587,498</b>
									<b>\$197,931,447</b>
<b>Liabilities, Equity and Other Credits</b>									
<b>Liabilities</b>									
Accounts payable	\$ 667,600	\$ 59,609	\$ -	\$ 1,018,981	\$ 1,452,228	\$ -	\$ -	\$ -	\$ 3,198,418
Interfund payable (Note 4)	903,315	156,839	-	2,124,596	34,228	-	-	-	2,415,663
Accrued liabilities	1,891,989	77,770	2,770,025	7,500	82,136	-	-	1,562,341	3,316,669
Retainages payable	452,311	9,300	384,300	321,948	27,944	-	-	-	4,822,291
Deposits and other liabilities	-	-	-	-	13,627	-	-	-	349,892
Long-term debt (Note 8)	-	-	-	-	11,736,799	-	-	16,771,487	836,773
<b>Total liabilities</b>	<b>\$ 3,915,215</b>	<b>\$ 303,518</b>	<b>\$3,154,325</b>	<b>\$ 3,473,025</b>	<b>\$14,297,975</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$18,333,828</b>	<b>\$26,805,585</b>
									<b>\$ 40,112,254</b>
<b>Equity and Other Credits</b>									
Contributed capital (Notes 10 & 11)	-	-	-	-	23,083,420	-	43,349,294	-	23,083,420
Investment in general fixed assets	-	-	-	-	-	-	-	-	43,349,294
Retained earnings:									
Reserved for debt payment (Note 11)	-	-	-	-	378,517	-	-	-	378,517
Unreserved	-	-	-	-	33,848,253	-	-	-	33,848,253
Fund balances: (Note 11)									
Reserved for encumbrances	193,867	-	-	2,333,479	-	-	-	-	2,527,346
Reserved for self insurance deposit	261,393	-	-	-	-	-	-	-	261,393
Reserved for inventory	297,783	-	-	-	-	-	-	-	297,783
Reserved for advance	350,000	-	-	-	-	-	-	-	350,000
Reserved for debt service	-	-	2,372,116	-	-	-	-	-	2,372,116
Reserved for employees' pension benefits	-	-	-	-	-	47,623,821	-	-	47,623,821
Unreserved:									
Designated for future expenditures	592,906	-	-	-	-	-	-	-	592,906
Undesignated	9,129,175	576,708	-	(5,594,310)	-	-	-	-	4,111,573
<b>Total equity and other credits</b>	<b>\$10,825,124</b>	<b>\$ 576,708</b>	<b>\$ 2,372,116</b>	<b>\$ (3,260,831)</b>	<b>\$57,310,190</b>	<b>\$47,623,821</b>	<b>\$43,349,294</b>	<b>\$ -</b>	<b>\$158,796,422</b>
<b>Total liabilities, equity and other credits</b>	<b>\$14,740,339</b>	<b>\$ 880,226</b>	<b>\$ 5,526,441</b>	<b>\$ 212,194</b>	<b>\$71,608,165</b>	<b>\$47,623,821</b>	<b>\$43,349,294</b>	<b>\$18,333,828</b>	<b>\$197,931,447</b>

See the accompanying notes to the general purpose financial statements.

# CITY OF ROCKVILLE, MARYLAND

## Combined Statement of Revenue, Expenditures, and Changes in Fund Balances All Governmental Fund Types For the Year Ended June 30, 2002 (With Comparative Totals for 2001)

	Governmental Fund Types				Totals	
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only) 2002	2001
<b>Revenue</b>						
Property taxes	\$20,388,963	\$ -	\$ -	\$ -	\$20,388,963	\$18,438,498
Assessments	-	-	460,332	-	460,332	436,751
Revenue from other governments:						
Community development block grant	-	385,644	-	-	385,644	435,289
Income taxes	6,468,570	-	-	-	6,468,570	6,957,578
Gas and motor vehicle taxes	2,559,709	-	-	-	2,559,709	2,339,566
County tax duplication payment	1,416,161	-	-	-	1,416,161	1,611,274
Admissions and amusement taxes	1,056,024	-	-	-	1,056,024	1,076,387
Grants and other governmental revenue	1,141,449	-	-	1,375,109	2,516,558	1,948,070
Licenses and permits	2,095,586	-	-	-	2,095,586	1,928,888
Charges for services	4,842,527	-	-	345,542	5,188,069	5,566,185
Use of money and property	893,847	12,427	12,352	(21)	918,605	1,445,709
Fines and forfeitures	8,443	-	-	-	8,443	10,858
Other revenue	1,401,965	428,262	-	-	1,830,227	2,634,539
<b>Total revenue</b>	<b>\$42,273,244</b>	<b>\$ 826,333</b>	<b>\$ 472,684</b>	<b>\$ 1,720,630</b>	<b>\$45,292,891</b>	<b>\$44,829,592</b>
<b>Expenditures</b>						
Current operations:						
General government	\$ 8,088,243	\$ -	\$ -	\$ -	\$ 8,088,243	\$ 7,248,426
Community development block grant	-	385,644	-	-	385,644	435,289
Community development	1,245,124	-	-	-	1,245,124	1,082,598
Community services	1,480,329	379,702	-	-	1,860,031	1,396,565
Public safety	5,900,807	-	-	-	5,900,807	5,791,473
Public works	4,604,088	-	-	-	4,604,088	4,459,354
Recreation and parks	12,031,089	-	-	-	12,031,089	11,139,836
Nondepartmental	1,595,732	-	-	-	1,595,732	1,518,305
Capital outlay	-	-	-	10,960,322	10,960,322	6,544,678
Debt service	-	-	3,238,190	-	3,238,190	3,886,011
<b>Total expenditures</b>	<b>\$34,945,412</b>	<b>\$ 765,346</b>	<b>\$ 3,238,190</b>	<b>\$10,960,322</b>	<b>\$49,909,270</b>	<b>\$43,502,535</b>
Excess (deficiency) of revenue over expenditures	\$ 7,327,832	\$ 60,987	\$(2,765,506)	\$(9,239,692)	\$(4,616,379)	\$ 1,327,057
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	-	25,000	4,150,000	4,700,000	8,875,000	8,894,510
Operating transfers out	(8,911,792)	-	-	-	(8,911,792)	(8,931,302)
Proceeds from the sale of general obligation bonds	-	-	-	2,545,876	2,545,876	-
<b>Total other financing sources (uses)</b>	<b>\$(8,911,792)</b>	<b>\$ 25,000</b>	<b>\$ 4,150,000</b>	<b>\$ 7,245,876</b>	<b>\$ 2,509,084</b>	<b>\$ (36,792)</b>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	\$(1,583,960)	\$ 85,987	\$ 1,384,494	\$(1,993,816)	\$(2,107,295)	\$ 1,290,265
Fund balances at beginning of year	13,001,071	(101,266)	987,622	(1,267,015)	12,620,412	11,330,147
Residual equity transfer (Note 11)	(591,987)	591,987	-	-	-	-
<b>Fund balances at end of year</b>	<b>\$10,825,124</b>	<b>\$ 576,708</b>	<b>\$ 2,372,116</b>	<b>\$(3,260,831)</b>	<b>\$10,513,117</b>	<b>\$12,620,412</b>

See the accompanying notes to the general purpose financial statements.



# CITY OF ROCKVILLE, MARYLAND

## Combined Statement of Revenue, Expenditures, and Changes in Fund Balances Revised Budget (GAAP Basis) and Actual General, Special Revenue, and Debt Service Funds For the Year Ended June 30, 2002

	.....General Fund.....			.....Special Revenue Funds.....			.....Debt Service Fund.....		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>									
Property taxes	\$19,125,000	\$20,388,963	\$1,263,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-	-	424,144	460,332	36,188
Revenue from other governments:									
Community development block grant	-	-	-	805,998	385,644	(420,354)	-	-	-
Income taxes	5,850,000	6,468,570	618,570	-	-	-	-	-	-
Gas and motor vehicle taxes	2,418,473	2,559,709	141,236	-	-	-	-	-	-
County tax duplication payment	1,400,000	1,416,161	16,161	-	-	-	-	-	-
Admissions and amusement taxes	1,050,000	1,056,024	6,024	-	-	-	-	-	-
Grants and other governmental revenue	1,250,309	1,141,449	(108,860)	-	-	-	-	-	-
Licenses and permits	1,917,735	2,095,586	177,851	-	-	-	-	-	-
Charges for services	4,724,143	4,842,527	118,384	-	-	-	-	-	-
Use of money and property	994,060	893,847	(100,213)	15,415	12,427	(2,988)	60,000	12,352	(47,648)
Fines and forfeitures	12,200	8,443	(3,757)	-	-	-	-	-	-
Other revenue	1,533,058	1,401,965	(131,093)	484,726	428,262	(56,464)	-	-	-
<b>Total revenue</b>	<b>\$40,274,978</b>	<b>\$42,273,244</b>	<b>\$1,998,266</b>	<b>\$1,306,139</b>	<b>\$ 826,333</b>	<b>\$ (479,806)</b>	<b>\$ 484,144</b>	<b>\$ 472,684</b>	<b>\$ (11,460)</b>
<b>Expenditures</b>									
Current operations:									
General government	\$ 8,672,223	\$ 8,088,243	\$ 583,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community development block grant	-	-	-	805,998	385,644	420,354	-	-	-
Community development	1,336,169	1,245,124	91,045	-	-	-	-	-	-
Community services	1,486,677	1,480,329	6,348	896,319	379,702	516,617	-	-	-
Public safety	5,918,870	5,900,807	18,063	-	-	-	-	-	-
Public works	4,946,561	4,604,088	342,473	-	-	-	-	-	-
Recreation and parks	12,355,342	12,031,089	324,253	-	-	-	-	-	-
Nondepartmental	2,311,411	1,595,732	715,679	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	3,500,413	3,238,190	262,223
<b>Total expenditures</b>	<b>\$37,027,253</b>	<b>\$34,945,412</b>	<b>\$2,081,841</b>	<b>\$1,702,317</b>	<b>\$ 765,346</b>	<b>\$ 936,971</b>	<b>\$ 3,500,413</b>	<b>\$ 3,238,190</b>	<b>\$262,223</b>
Excess (deficiency) of revenue over expenditures	\$ 3,247,725	\$ 7,327,832	\$4,080,107	\$ (396,178)	\$ 60,987	\$ 457,165	\$ (3,016,269)	\$ (2,765,506)	\$250,763
<b>Other Financing Sources (Uses)</b>									
Transfer from general fund	-	-	-	25,000	25,000	-	4,150,000	4,150,000	-
Transfer to capital projects fund	(4,700,000)	(4,700,000)	-	-	-	-	-	-	-
Transfer to debt service fund	(4,150,000)	(4,150,000)	-	-	-	-	-	-	-
Transfer to refuse fund	(36,792)	(36,792)	-	-	-	-	-	-	-
Transfer to special activities fund	(25,000)	(25,000)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ (8,911,792)</b>	<b>\$ (8,911,792)</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ 4,150,000</b>	<b>\$ 4,150,000</b>	<b>\$ -</b>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	\$ (5,664,067)	\$ (1,583,960)	\$4,080,107	\$ (371,178)	\$ 85,987	\$ 457,165	\$ 1,133,731	\$ 1,384,494	\$250,763
Fund balance at beginning of year	13,001,071	13,001,071	-	(101,266)	(101,266)	-	987,622	987,622	-
Residual equity transfer	-	(591,987)	(591,987)	-	591,987	591,987	-	-	-
<b>Fund balance (deficit) at end of year</b>	<b>\$ 7,337,004</b>	<b>\$10,825,124</b>	<b>\$3,488,120</b>	<b>\$ (472,444)</b>	<b>\$ 576,708</b>	<b>\$1,049,152</b>	<b>\$ 2,121,353</b>	<b>\$ 2,372,116</b>	<b>\$250,763</b>

See the accompanying notes to the general purpose financial statements.

# CITY OF ROCKVILLE, MARYLAND

## Combined Statement of Revenue, Expenses, and Changes in Retained Earnings Proprietary Fund Type For the Year Ended June 30, 2002 (With Comparative Totals for 2001)

	<u>2002</u>	<u>2001</u>
<b>Operating Revenue</b>		
Charges for services	\$13,898,296	\$13,217,337
Other revenue	<u>1,904,036</u>	<u>974,010</u>
Total operating revenue	<u>\$15,802,332</u>	<u>\$14,191,347</u>
<b>Operating Expenses</b>		
Treatment and purification	\$ 1,093,151	\$ 997,485
Distribution	629,289	639,714
Collection and disposal	4,449,060	4,522,883
Customer billing, collection and operating expenses	5,181,052	4,375,511
Repairs and maintenance	<u>532,418</u>	<u>455,585</u>
Total operating expenses	<u>\$11,884,970</u>	<u>\$10,991,178</u>
Operating income before depreciation and amortization	\$ 3,917,362	\$ 3,200,169
Less depreciation and amortization	<u>(2,063,470)</u>	<u>(1,927,793)</u>
Operating income	\$ 1,853,892	\$ 1,272,376
<b>Nonoperating Income (Expenses)</b>		
Interest income	554,083	976,118
Interest expense	<u>(587,080)</u>	<u>(410,353)</u>
Nonoperating income, net	<u>\$ (32,997)</u>	<u>\$ 565,765</u>
Income before operating transfers	\$ 1,820,895	\$ 1,838,141
<b>Operating Transfers In</b>		
Operating transfers in	<u>36,792</u>	<u>36,792</u>
Total operating transfers in	<u>\$ 36,792</u>	<u>\$ 36,792</u>
Net income	\$ 1,857,687	\$ 1,874,933
Depreciation charged directly against contributed capital	<u>402,229</u>	<u>402,229</u>
Increase in retained earnings	<u>\$ 2,259,916</u>	<u>\$ 2,277,162</u>
Retained earnings at beginning of year	31,966,854	29,677,605
Residual equity transfer (Note 11)	<u>-</u>	<u>12,087</u>
Retained earnings at end of year	<u>\$34,226,770</u>	<u>\$31,966,854</u>

See the accompanying notes to the general purpose financial statements.

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# CITY OF ROCKVILLE, MARYLAND

## Combined Statement of Cash Flows Proprietary Fund Type For the Year Ended June 30, 2002 (With Comparative Totals for 2001)

	<u>2002</u>	<u>2001</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$15,691,681	\$14,104,396
Cash payments to suppliers for goods and services	(6,741,447)	(6,287,797)
Cash payments to employees for services	<u>(5,624,709)</u>	<u>(5,143,935)</u>
Net cash provided by operating activities	\$ 3,325,525	\$ 2,672,664
<b>Cash flows from noncapital financing activities:</b>		
Cash received from general fund	<u>72,387</u>	<u>135,425</u>
Net cash provided by noncapital financing activities	\$ 72,387	\$ 135,425
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(1,719,476)	(2,074,127)
Purchased capacity cost	(1,292,275)	(1,607,628)
Principal paid on general obligation bond maturities and equipment contracts	(868,253)	(817,293)
Interest paid on general obligation bonds and equipment contracts	(484,459)	(391,058)
Proceeds (including interest) from special assessments	208,419	240,620
Proceeds from the sale of bonds	<u>3,884,653</u>	<u>898,118</u>
Net cash used by capital and related financing activities	\$ (271,391)	\$(3,751,368)
<b>Cash flows from investing activities - interest on investments</b>	<u>668,361</u>	<u>685,081</u>
Net increase (decrease) in cash and cash equivalents	\$ 3,794,882	\$ (258,198)
Cash and cash equivalents at beginning of year	<u>14,515,202</u>	<u>14,773,400</u>
Cash and cash equivalents at end of year	<u>\$18,310,084</u>	<u>\$14,515,202</u>

(Continued)

# CITY OF ROCKVILLE, MARYLAND

## Combined Statement of Cash Flows (Continued) Proprietary Fund Type For the Year Ended June 30, 2002 (With Comparative Totals for 2001)

### Reconciliation of Operating Income to Net Cash Provided by Operating Activities

	<u>2002</u>	<u>2001</u>
<b>Operating income</b>	\$ 1,853,892	1,272,376
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation and amortization	2,063,470	1,927,793
Changes in assets and liabilities:		
(Increase) in accounts receivable	(100,394)	(199,191)
(Decrease) in accounts payable	(614,936)	(119,152)
Increase in accrued liabilities	111,721	15,166
Increase in deferred revenue	3,701	5,105
Increase (decrease) in retainages payable	6,671	(229,433)
Increase in deposits and other liabilities	<u>1,400</u>	<u>-</u>
Total adjustments	<u>\$ 1,471,633</u>	<u>\$ 1,400,288</u>
<b>Net cash provided by operating activities</b>	<u><b>\$ 3,325,525</b></u>	<u><b>\$ 2,672,664</b></u>

See the accompanying notes to the general purpose financial statements.

# CITY OF ROCKVILLE, MARYLAND

## Combined Statement of Net Assets Pension Trust Funds June 30, 2002 (With Comparative Totals for 2001)

	2002.....			
	Defined Contribution Option	Defined Benefit Option	Total	2001
<u>Assets</u>				
Investments at fair value - equity in pooled pension trust fund	<u>\$6,397,920</u>	<u>\$41,225,901</u>	<u>\$47,623,821</u>	<u>\$48,099,276</u>
<u>Liabilities</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Net Assets</u>				
Available for plan benefits	<u>\$6,397,920</u>	<u>\$41,225,901</u>	<u>\$47,623,821</u>	<u>\$48,099,276</u>

See the accompanying notes to the general purpose financial statements.

# CITY OF ROCKVILLE, MARYLAND

## Combined Statement of Changes in Net Assets Pension Trust Funds For the Year Ended June 30, 2002 (With Comparative Totals for 2001)

	2002			
	Defined Contribution Option	Defined Benefit Option	Total	2001
<u>Additions</u>				
Contributions				
Employer	\$ 348,512	\$ 814,928	\$ 1,163,440	\$ 1,091,332
Plan members	697,025	573,772	1,270,797	1,182,204
Total contributions	<u>\$ 1,045,537</u>	<u>\$ 1,388,700</u>	<u>\$ 2,434,237</u>	<u>\$ 2,273,536</u>
Investment Income				
Demutualization income	\$ 226,551	\$ 1,636,232	\$ 1,862,783	\$ -
Investment income	(193,710)	(1,703,034)	(1,896,744)	359,137
Total investment income (loss)	<u>\$ 32,841</u>	<u>\$ (66,802)</u>	<u>\$ (33,961)</u>	<u>\$ 359,137</u>
Total additions	<u>\$ 1,078,378</u>	<u>\$ 1,321,898</u>	<u>\$ 2,400,276</u>	<u>\$ 2,632,673</u>
<u>Deductions</u>				
Benefits	\$ -	\$ 2,100,570	\$ 2,100,570	\$ 1,591,067
Refunds to terminated employees	319,138	438,510	757,648	593,601
Administrative expense	15,619	1,894	17,513	64,209
Total deductions	<u>\$ 334,757</u>	<u>\$ 2,540,974</u>	<u>\$ 2,875,731</u>	<u>\$ 2,248,877</u>
Net increase (decrease)	743,621	(1,219,076)	(475,455)	383,796
Net assets available for plan benefits, July 1	5,654,299	42,444,977	48,099,276	47,715,480
Net assets available for plan benefits, June 30	<u>\$6,397,920</u>	<u>\$41,225,901</u>	<u>\$47,623,821</u>	<u>\$48,099,276</u>

See the accompanying notes to the general purpose financial statements.

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (1) Summary of Significant Accounting Policies

The City of Rockville, Maryland (the "City"), was incorporated in 1860. Its legal authority is derived from Article XI E of the State Constitution and Article 23A of the Annotated Code of Maryland. Rockville has a population of 47,388 and a land area of 13.03 square miles. According to the 2000 census, Rockville is the fourth largest city in Maryland. The City has operated under the council-manager form of government since 1948. The City is a municipal corporation where the City Council is comprised of a mayor and four at-large members. Services provided include water, sewer, refuse, streets and drainage, recreation and parks, police, planning and zoning, community development, and community services. Schools, libraries, social services, and fire protection are provided by Montgomery County, Maryland.

#### A. Financial Reporting Entity

For financial reporting purposes, the general purpose financial statements include the various departments governed directly by the Mayor and Council. The City's officials are also responsible for appointing the board of directors of the Rockville Housing Authority, but the City's accountability does not extend beyond making the appointments.

#### B. Fund Accounting

The accounts of the City are organized into funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures (or expenses, as appropriate). Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be expended and the means by which spending activities are controlled. The following fund types and account groups are used by the City:

##### GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental funds:

**General Fund** - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by legal and regulatory provisions or budgeted contributions from outside sources to finance specific activities.

**Debt Service Fund** - The debt service fund, which includes special assessments, is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Projects Fund** - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

##### PROPRIETARY FUNDS

**Enterprise Funds** - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be



# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (1) Summary of Significant Accounting Policies (Continued)

#### B. Fund Accounting (Continued)

financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

#### FIDUCIARY FUNDS

**Trust Fund** - The trust funds are used to account for assets held by the City in a trustee capacity.

The City's pension funds are included as a trust fund and accounts for the contributions made by the City and its employees to finance future pension payments. The funds are accounted for and reported in a manner similar to proprietary funds since capital maintenance is critical.

#### ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. The following are the City's account groups:

**General Fixed Assets Account Group** - This account group is established to account for all fixed assets of the City, other than those accounted for in the enterprise funds.

**General Long-Term Debt Account Group** - This account group is established to account for all long-term debt of the City except that accounted for in the enterprise funds.

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (1) Summary of Significant Accounting Policies (Continued)

#### C. Bases of Accounting

##### GOVERNMENTAL FUND TYPES

The modified accrual basis of accounting is followed by the governmental funds, as well as the "current resources measurement focus." Under this method of accounting, revenue is recorded when susceptible to accrual, i.e., when measurable and available for the funding of current operations.

In applying the susceptible to accrual concept to real and personal property tax revenue recognition, "available" means property tax revenue is recognized currently if levied before fiscal year end and collected by intermediaries within 60 days after fiscal year-end. Such taxes levied but uncollected within 60 days after fiscal year-end are accounted for as deferred revenue as of June 30, 2002. The above treatment applies as well to assessments receivable. Assessments receivable result from special assessments levied against the property users who benefit from particular capital projects. Such revenues are accrued if they pertain to the current year and become available within 60 days after fiscal year-end. Assessments receivable (billed and unbilled) that are not available to fund current operations have been accounted for as deferred revenue.

Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenues when cash is received because they are generally not measurable until that point.

Revenue from other governments which represent reimbursements for specific projects or programs are recognized based upon the expenditures recorded. Revenues from other governments received but not earned and the note receivable in the General Fund are recorded as deferred revenue. Other revenue from other governments are accrued if they pertain to the current year and become available within 60 days after fiscal year end. The county tax duplication payment represents Montgomery County, Maryland's payment for City services for which the county collects taxes.

Investment earnings are recognized as revenue as earned in all fund types.

Expenditures are recorded when the related fund liability is incurred except for debt service, which is recognized when due.

##### PROPRIETARY AND FIDUCIARY FUND TYPES

All proprietary funds and the pension trust funds follow the accrual basis of accounting, as well as the "economic resources measurement focus." Under this method of accounting, revenues are recognized when earned, and expenses are recorded when incurred. The revenue of the utility operations, which is based on service rates authorized by the Mayor and Council, is determined by quarterly billings for residential and most commercial accounts and by monthly billings for approximately 100 of the larger commercial accounts. Earned but unbilled revenues are accrued and reported in the financial statements.

In proprietary funds, governments may choose not to implement pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, (provided that this is applied on a consistent basis) or to continue to follow FASB standards for these fund types. The City has elected not to implement FASB pronouncements issued after that date for its proprietary fund type activities.

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (1) Summary of Significant Accounting Policies (Continued)

#### D. Budgetary Data

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to June 1, the city manager submits to the Mayor and Council a proposed operating and capital improvements budget for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them. Public hearings are then conducted to review the budget.
- Prior to July 1, the budget is legally enacted through passage of an ordinance.
- The budget ordinance becomes effective July 1 and provides spending authority for the operations of the City government. The legal control which the budget ordinance establishes over spending is at the fund level. Each of the general, special revenue, debt service and enterprise funds have legally adopted annual budgets appropriated at the fund level. The capital budget is adopted at the fund level but is not adopted as an annual budget.
- The city manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Mayor and Council.
- Subsequent to passage of the budget ordinance, the Mayor and Council may approve supplemental appropriations. During FY 2002, such supplemental appropriations for all funds amounted to \$5,044,105.

At the end of the fiscal year, unexpended operating budget appropriations of the governmental funds lapse. Budgets for the general, special revenue, debt service, and enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Accordingly, all governmental fund budgets are presented on the modified accrual basis of accounting; the enterprise fund budgets are adopted on the full accrual basis. The combined statement of revenue, expenditures and changes in fund balances - revised budget and actual - general, special revenue, and debt service funds, presents actual expenditures on a basis consistent with the legally adopted budgets as amended.

#### E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is an extension of formal budgetary control in all governmental funds. The encumbrances outstanding at June 30, 2002, are reported as reservations of applicable fund balances and are subject to reappropriation by Council ordinance in the succeeding fiscal year.

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (1) Summary of Significant Accounting Policies (Continued)

#### F. Cash and Investments

To facilitate effective management of the City's resources, substantially all operating cash is combined in one pooled account. Pension trust fund assets are separately managed by the Principal Mutual Life Insurance Company. Pension trust fund investments are stated at fair value and short-term investments of one year or less included in the City's equity in pooled cash and cash equivalents are stated at amortized cost plus accrued interest. These short term investments include repurchase agreements and U.S. Treasury securities.

For purposes of the statement of cash flows, the proprietary fund type reflects all monies in the City's cash management pool as cash equivalents.

Interest income earned on City investments is allocated among the funds each month on a pro rata basis in accordance with average equity in pooled cash balances for the previous six months.

#### G. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounts to \$1,021,947 at June 30, 2002, and is composed of the following:

General fund property taxes receivable	\$1,000,080
Enterprise fund utility billings receivable	<u>21,867</u>
	<u>\$1,021,947</u>

#### H. Inventory

All City inventories (included in other assets in the combined balance sheet) are maintained on a consumption basis of accounting and are valued at cost on a first-in, first-out basis and consist of either goods held for resale (Swim Center fund) or goods and materials used in providing services (general fund). Reservations of fund balances for the amounts of general fund inventories have been made to reflect the non-availability of those amounts for appropriation in the general fund.

#### I. General Fixed Assets

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at historical cost in the general fixed assets account group. Contributed fixed assets are recorded in the general fixed assets account group at fair market value at the time received. The City's public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks and lighting systems are not capitalized, as these assets are immovable and of value only to the City. No depreciation has been provided for general fixed assets.

#### J. Proprietary Fixed Assets

Fixed assets purchased by the proprietary fund type are stated at historical cost. Donated property is recorded at market value as of the date of donation. It is the City's policy to capitalize enterprise fund infrastructure consisting of water and sewer construction costs, in order to reflect the full asset base.

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (1) Summary of Significant Accounting Policies (Continued)

#### J. Proprietary Fixed Assets (Continued)

Depreciation has been recorded over the following estimated useful lives, using the straight line method:

<u>Description</u>	<u>Lives (In Years)</u>
Buildings and structures	40-50
Machinery and equipment	5-10
Furniture and fixtures	7-10
Automobiles and trucks	5-7
Water and sewer infrastructure	20-50
Storm water management facilities	20-50

Depreciation applicable to assets purchased with externally funded contributed capital is charged to operations and then transferred to contributed capital.

#### K. Purchased Capacity

Purchased capacity, which consists of payments made under an intermunicipal agreement with the District of Columbia Blue Plains Wastewater Treatment Plant (Blue Plains) for improvements to treatment facilities owned and operated by Blue Plains, is stated at historical cost. Amortization, which commences upon substantial completion of each project, is recorded over 50 years, the estimated useful life of the improvements.

#### L. Compensated Absences

Liabilities for compensated absences (annual and sick leave benefits) are accrued when vested. The current portion of the governmental funds' compensated absences liabilities is recorded as accrued liabilities in the general and special revenue funds. The noncurrent portion of such liabilities is \$1,562,341 at June 30, 2002, and is recorded in the general long-term debt account group. The total accrued liability for compensated absences for the enterprise funds is recorded separately in the respective funds.

#### M. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and employee health benefits.

The City participates in the Montgomery County Liability and Property Coverage self-insurance fund, under which participants share coverage for worker's compensation, comprehensive general, automobile and professional liability, fire and theft, and the liability for errors, omissions and other selected areas that require coverage. The Montgomery County Division of Risk Management is the administrator of the fund. The City pays an annual premium to Montgomery County for its insurance coverage.

The City continues to carry commercial insurance for employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (1) Summary of Significant Accounting Policies (Continued)

#### N. Total Columns on Combined Financial Statements

Total columns on the combined financial statements are captioned "memorandum only" to indicate that they are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America, nor is such data comparable to a consolidation.

#### O. Reclassifications

Certain reclassifications have been made to the June 30, 2001, comparative financial data to conform to the June 30, 2002, presentation.

### (2) Cash and Investments

The City maintains a cash and investment pool that is available for use by all of the City's funds, except the pension trust funds.

**Deposits** - At year-end, the carrying amount of the City's deposits was a deficit of \$1,099,438, and the bank balance was a deficit of \$334,626. The bank balance would normally be covered by federal depository insurance, but since there is a deficit balance, this does not apply.

**Investments** - The City is authorized to invest in any and all types of investments except where specifically prohibited by Maryland statutes. Maryland state law requires that all collateral be backed up by the full faith and credit of the federal government, including repurchase agreements which are supported by federal obligations. The Mayor and Council of Rockville recognize that their authority to invest the public funds of the City derives from Section 6-222 of the State of Maryland's Finance and Procurement Article, as well as Article 95, Section 22-22N of the Annotated Code of Maryland. Authority to invest City funds in compliance with the provisions of these State statutes is delegated to the Director of Finance.

The manager of the pension plan maintains the assets and invests them in pooled funds in accordance with contractual provisions. Accordingly, the investment amount of \$47,623,821 is not categorized below.

The City's remaining investments are summarized below by type and carrying amount at year-end. Such investments are insured or registered or the related securities are held by the City or its safekeeping agent in the City's name.

Repurchase agreements and U.S. Treasury securities	\$16,479,894
Federal Home Loan Mortgage Corporation	6,999,019
Federal Home Loan Bank Securities	<u>7,331,963</u>
	<u>\$30,810,876</u>

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (3) Property Taxes

Taxes on real property and business personal property are levied on property values as assessed on January 1, billed on July 1, and payable either by September 30 or in two equal installments on September 30 and December 31. Montgomery County, Maryland, bills and collects property taxes for the City and remits cash collections to the City once a month. Property taxes are attached as an enforceable lien on the underlying properties as of the succeeding June 1 and are thereafter sold at public auction.

Real and personal property taxes are levied at rates enacted by the Mayor and Council in the annual budget ordinance on the assessed value as determined by the Maryland State Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public hearings.

The real property tax rate was \$0.322 per \$100 of assessed value and the personal property tax rate was \$.805 per \$100 of assessed value in fiscal year 2002. The City charges taxpayers interest (at the rate of 2/3 of 1 percent per month) and penalty (1 percent per month) on all overdue taxes.

### (4) Interfund Balances

The interfund receivables and payables as of June 30, 2002 consist of the following:

<u>Interfund Receivable-General Fund</u>	
<u>Interfund Payable</u>	<u>Total</u>
Special Revenue Fund:	
Community Development Block Grant Fund	\$ 156,839
Capital Projects Fund	2,124,596
Enterprise Fund:	
RedGate Golf Course Fund	134,228
Total	<u>\$2,415,663</u>

### (5) Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2002, include:

	<u>General Fund</u>
Maryland State Government	\$1,260,528
Montgomery County, Maryland	831,540
Total	<u>\$2,092,068</u>

At June 30, 2002, the General Fund receivables of \$2,092,068 due from other governments consisted primarily of personal, corporate, and real property taxes, gas and motor vehicle taxes, state income taxes, and admissions and amusement taxes and various grants.

### (6) Purchased Capacity

Purchased capacity consists of payments made under an intermunicipal agreement with Blue Plains for improvements to treatment facilities owned and operated by the District of Columbia. This agreement consists of two contracts, one substantially complete as of June 30, 1992, and the other contract estimated for completion by the year 2010 (see Note 13a).

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (6) Purchased Capacity (Continued)

Changes in purchased capacity are as follows:

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance June 30, 2002</u>
Blue Plains	<u>\$13,787,998</u>	<u>\$1,292,275</u>	<u>\$22,130</u>	<u>\$15,058,143</u>

### (7) Fixed Assets

A summary of changes in the general fixed assets account group during 2002 follows:

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Capitalization of Completed Projects/Transfers</u>	<u>Disposals</u>	<u>Balance June 30, 2002</u>
Land	\$ 7,886,011	\$ -	\$ -	\$ -	\$ 7,886,011
Buildings	11,778,108	-	2,425,466	-	14,203,574
Improvements other than buildings	4,909,943	-	-	-	4,909,943
Equipment	9,652,251	1,008,648	-	766,653	9,894,246
Construction in progress	<u>7,420,689</u>	<u>1,460,297</u>	<u>(2,425,466)</u>	<u>-</u>	<u>6,455,520</u>
Total	<u>\$41,647,002</u>	<u>\$2,468,945</u>	<u>\$ -</u>	<u>\$766,653</u>	<u>\$43,349,294</u>

A summary of proprietary fund type property, plant, and equipment at June 30, 2002 follows:

Land	\$ 2,067,186
Buildings	4,487,351
Improvements other than buildings	49,290,721
Equipment	4,777,219
Construction in progress	<u>2,145,902</u>
Total	<u>\$62,768,379</u>
Less - accumulated depreciation	<u>(27,497,557)</u>
Net	<u>\$35,270,822</u>



# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (8) Long-term Debt

The following is a summary of changes in the City's long-term debt for the year ended June 30, 2002:

	Balance June 30, 2001	Additions	Change In Accrued Obligations for Compensated Absences	Principal Payments	Net Amortization of Bond Discount	Balance June 30, 2002	Remaining Unamortized Bond Discount June 30, 2002
<b><u>General Long-Term Debt</u></b>							
<b><u>Account Group</u></b>							
General obligation bonds	\$18,104,107	\$2,545,876	\$ -	\$3,878,496	\$ -	\$16,771,487	\$ -
Accrued obligations for compensated absences	<u>1,471,013</u>	<u>-</u>	<u>91,328</u>	<u>-</u>	<u>-</u>	<u>1,562,341</u>	<u>-</u>
Total general long-term debt	<u>\$19,575,120</u>	<u>\$2,545,876</u>	<u>\$ 91,328</u>	<u>\$3,878,496</u>	<u>\$ -</u>	<u>\$18,333,828</u>	<u>\$ -</u>
<b><u>Enterprise Funds</u></b>							
Water facility fund	\$ 5,938,625	\$ 353,155	\$ -	\$ 402,812	\$ 8,942	\$ 5,897,910	\$ 56,021
Sanitary sewer fund	2,762,853	3,232,859	-	424,815	(10,206)	5,560,691	116,769
Refuse fund	<u>-</u>	<u>321,265</u>	<u>-</u>	<u>40,626</u>	<u>(2,441)</u>	<u>278,198</u>	<u>2,441</u>
Total enterprise funds	<u>\$ 8,701,478</u>	<u>\$3,907,279</u>	<u>\$ -</u>	<u>\$ 868,253</u>	<u>\$ (3,705)</u>	<u>\$11,736,799</u>	<u>\$175,231</u>

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (8) Long-term Debt (Continued)

The following is a list of the bonds and notes included in the City's long-term debt at June 30, 2002:

<u>Description</u>	<u>Year of Issuance</u>	<u>Outstanding Principal</u>	<u>Interest Rate Range</u>	<u>Year of Final Maturity</u>
<b>General Long-Term Debt</b>				
General improvements	1993	\$10,359,451	4.5-5.25%	2012
General improvements	1993	1,650,000	4.5-5.25%	2013
General improvements	1998	1,455,000	3.5-4.3%	2013
General improvements - Equipment	1999	279,212	4.17-4.53%	2006
General improvements - Equipment	2000	598,431	4.17-4.53%	2007
General improvements	2002	<u>2,429,393</u>	4.00-4.65%	2021
Total general long-term debt		<u>\$16,771,487</u>		
<b>Enterprise Funds</b>				
General improvements - Water	1993	\$ 995,000	4.5-5.25%	2013
General improvements	1993	3,915,549	4.5-5.25%	2012
General improvements	1999	2,478,452	3.21%	2019
General improvements	2000	1,056,192	3.64%	2020
General improvements	2002	101,230	1.90%	2023
General improvements	2002	<u>3,365,607</u>	4.00-4.65%	2021
Total enterprise funds long-term debt		<u>\$11,912,030</u> <sup>1</sup>		

The City anticipates that all amounts required for payment of interest and principal on enterprise fund debt will be provided from the respective fund's revenues and that amounts required for payment of interest and principal on special assessment general improvement bonds will be provided from the collection of assessments levied against property owners; however, the bonds are further secured by the full faith and credit and unlimited taxing power of the City.

<sup>1</sup> Amount does not include unamortized bond discount of \$175,231

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (8) Long-Term Debt (Continued)

Debt service requirements on the foregoing debt are payable during future years as follows:

#### General Long-Term Debt Service Requirements

Fiscal Year Ending June 30	<u>General Obligation Bonds</u>		Total General Long-Term Debt Principal and Interest
	<u>Principal</u>	<u>Interest</u>	
2003	\$ 2,026,135	\$ 771,97	\$ 2,798,106
2004	2,017,653	681,009	2,698,662
2005	2,048,790	588,657	2,637,447
2006	2,069,307	494,380	2,563,687
2007	2,021,015	397,569	2,418,584
2008	1,996,583	303,934	2,300,517
2009	878,786	208,263	1,087,049
2010	878,396	167,014	1,045,410
2011	654,948	126,191	781,139
2012	655,501	95,113	750,614
2013	449,230	69,194	518,424
2014	134,383	48,579	182,962
2015	134,383	42,801	177,184
2016	134,383	36,888	171,271
2017	134,383	30,841	165,224
2018	134,383	24,794	159,177
2019	134,383	18,679	153,062
2020	134,383	12,498	146,881
2021	134,462	6,249	140,711
Total	<u>\$16,771,487</u>	<u>\$4,124,624</u>	<u>\$20,896,111</u>

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (8) Long-Term Debt (Continued)

#### Enterprise Funds Debt Service Requirements

Fiscal Year Ending June 30	Water Facility		Sanitary Sewer		Refuse		Total Enterprise Funds Principal and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Interest
2003	\$ 464,211	\$ 277,648	\$ 510,983	\$ 258,485	\$ 42,267	\$11,636	\$ 1,565,230
2004	469,220	258,755	509,739	236,392	43,975	9,961	1,528,042
2005	482,654	239,210	513,460	213,687	45,751	8,220	1,502,982
2006	498,247	218,719	519,558	190,192	47,600	6,408	1,480,724
2007	512,342	197,161	523,914	165,987	49,523	4,523	1,453,450
2008	528,507	174,723	528,851	141,169	51,523	2,562	1,427,335
2009	355,267	151,191	348,874	115,454	-	520	971,306
2010	362,201	137,052	345,031	99,205	-	-	943,489
2011	363,054	122,747	170,617	82,664	-	-	739,082
2012	370,748	108,219	170,617	75,839	-	-	725,423
2013	350,516	94,405	170,617	68,844	-	-	684,382
2014	269,214	80,862	170,617	61,678	-	-	582,371
2015	219,975	57,780	170,617	54,342	-	-	502,714
2016	168,712	32,069	170,617	46,834	-	-	418,232
2017	174,127	26,653	170,617	39,156	-	-	410,553
2018	179,717	21,063	170,617	31,479	-	-	402,876
2019	185,219	15,292	170,617	23,716	-	-	394,844
2020	-	-	170,617	15,867	-	-	186,484
2021	-	-	170,880	7,934	-	-	178,814
Total	<u>\$5,953,931</u>	<u>\$2,213,549</u>	<u>\$5,677,460</u>	<u>\$1,928,924</u>	<u>\$280,639</u>	<u>\$43,830</u>	<u>\$16,098,333</u>

Note: Principal amounts do not include unamortized bond discount of \$175,231.

### (9) Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2002, \$13,633,700 of bonds outstanding are considered defeased, \$3,776,200 pertaining to bonds that were accounted for in an enterprise fund, and \$9,857,500 relating to general obligations that were accounted for within the general long-term debt account group. In accordance with the applicable bond indentures, the trustees will continue to extinguish the defeased debt until 2011.

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (10) Contributed Capital

A summary of changes in the Enterprise Funds' Contributed Capital is as follows:

	Water Facility Fund	Sanitary Sewer Fund	Storm Water Management Fund	RedGate Golf Course Fund	Total
<u>Contributed Capital</u>					
Balance, July 1, 2001	\$7,964,441	\$6,873,850	\$7,599,797	\$1,047,561	\$23,485,649
Less depreciation charged directly against contributed capital	<u>187,972</u>	<u>158,177</u>	<u>56,080</u>	<u>-</u>	<u>402,229</u>
Balance, June 30, 2002	<u>\$7,776,469</u>	<u>\$6,715,673</u>	<u>\$7,543,717</u>	<u>\$1,047,561</u>	<u>\$23,083,420</u>

### (11) Fund Balances

Fund balance reserved for encumbrances and inventory are described in note one. The reserve for pension plan benefits reflects the segregation of these amounts in separate trust funds. The reserve for advance represents contractual obligations.

An insurance deposit which enables the City to participate in the Montgomery County Self Insurance program is reserved in recognition of the fact that this amount is not currently available for appropriation. This amount is included in other assets on the combined balance sheet.

Debt Payment - These monies are reserved for 12 months of principal and interest payments of the Enterprise Funds.

Debt Service - These monies are reserved for future debt payments.

Future Expenditures - These monies are designated for expenditures and capital projects, which have been approved by the Mayor and Council for FY03 and beyond.

The Capital Projects Fund has an accumulated fund balance deficit at June 30, 2002 of \$3,260,831, which will be funded in FY 03 with the issuance of general obligation bonds. Also, on July 1, 2001 the Swim Center Fund, a Special Revenue Fund, merged with the General Fund. This merger was completed via a residual equity transfer as a deficit to the General Fund in the amount of \$591,987.

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (12) Segment Information for Enterprise Funds

The City maintains six enterprise funds. Four are utility funds, which provide water, sewer, refuse, and storm water management. The Parking fund accounts for present and future parking needs for the City's Town Center. The other fund is the Golf Course fund, which accounts for income from the City golf course and related expenses. Selected financial data, as of and for the year ended June 30, 2002, for these funds is shown below.

	<u>Enterprise Funds</u>						
	<u>Water Facility Fund</u>	<u>Sanitary Sewer Fund</u>	<u>Refuse Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Fund</u>	<u>RedGate Golf Course Fund</u>	<u>Total</u>
Charges for services	\$ 2,893,302	\$ 4,756,933	\$ 3,260,552	\$ 1,536,826	\$ 287,002	\$ 1,163,681	\$ 13,898,296
Depreciation and amortization	908,282	522,849	319,505	115,615	-	197,219	2,063,470
Operating income (loss)	152,251	1,799,100	(833,272)	851,012	88,422	(203,621)	1,853,892
Total nonoperating income (expenses)	(139,590)	(190,109)	22,330	260,915	14,607	(1,150)	(32,997)
Operating transfers in	-	-	36,792	-	-	-	36,792
Net income (loss)	12,661	1,608,991	(774,150)	1,111,927	103,029	(204,771)	1,857,687
Fixed asset additions and deletions, net	947,230	154,919	266,408	3,449	17,048	173,993	1,563,047
Total assets	23,001,361	28,986,685	2,622,998	13,556,833	664,351	2,775,937	71,608,165
Net working capital	3,458,574	2,470,255	1,019,249	10,110,275	600,137	(447,862)	17,210,628
Bonds and other long-term liabilities payable from revenue	5,433,699	5,049,708	235,931	-	-	-	10,719,338
Total equity	16,422,336	22,350,009	2,025,327	13,521,609	663,109	2,327,800	57,310,190

### (13) Commitments

#### (a) Washington Suburban Sanitary Commission (WSSC)

The City has contracted with the WSSC to purchase a portion of the capacity of the Blue Plains Waste Water Treatment Plant. Through June 30, 2002, the City had paid \$15,279,453 as its contractual share of the construction costs of the treatment facility and the related sewer transmission lines. The City's remaining contribution through the completion of the project is estimated to be \$16,668,301 for treatment capacity. The City intends to issue bonds to fund most of these costs.

The City has no direct ongoing equity interest in WSSC's assets and liabilities. Furthermore, the City has no significant influence over the management of the treatment facilities. Accordingly, the City does not record this contractual arrangement as a joint venture.

In addition to the capacity cost described above, the WSSC charges the City a portion of its operating costs for treatment of sewage. The City accrues an amount for these charges each year based on its best estimate of usage. Adjustments to the accrued charges which result from subsequent billings by the WSSC are recorded in the period during which the final bill is received by the City.

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (13) Commitments (Continued)

#### (b) Post-Employment Benefits

In addition to the pension benefits described in Note 15, the City provides post-employment health benefits. The pension plan, under the direction of the Retirement Board, authorizes a retiree who elects to stay with the City's policy group to receive from the City the employer's share (i.e., the same level of premium support given to current employees) of medical insurance premiums up until age 65. In the event a retiree establishes residency outside the geographic area served by the City's group health insurance carriers, that person may purchase coverage and receive reimbursement from the City in an amount not to exceed the prevailing two-person coverage employer rate granted to current employees. The pension plan stipulates that eligible retirees from the administrative and union employee groups shall include those who (a) retire, having attained age 60 while employed with the City and who have completed at least 10 years of service prior to retirement, (b) take early retirement occasioned by poor health, having attained age 50 while employed with the City and having completed 10 years of service, or (c) take early retirement from the City when their age plus service equals or exceeds 85. Eligible police retirees are those who have met the conditions stated above or who have attained their normal retirement date on the first day of the month coinciding with or following the earlier of (a) the employee's 60th birthday or (b) the later of the employee's 51st birthday and completion of 25 years of credited service. Currently, the City finances the post employment health insurance benefits on a pay-as-you-go basis and expenditures for these insurance premiums are recorded in the General Fund. During fiscal year 2002, 35 retirees received post-employment health benefits. Expenditures of approximately \$48,000 were incurred by the City in furnishing these benefits.

### (14) Litigation

The City is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. The total amount of pending lawsuits and claims not covered by insurance nor expressly provided for in these statements is considered to be immaterial.

### (15) Pension Plan

The City employees participate in one single-employer defined benefit pension plan and one defined contribution pension plan. The Retirement Board has the authority to establish and amend the benefit provisions of the pension plans including contribution requirements of the employees and employer.

The financial statements of the City's pension plans are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which contributions are due. City contributions to each plan are recognized when due and the City has made formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The Principal Mutual Life Insurance Company is the administrator of the single-employer defined benefit plan and defined contribution plan, which was established and is administered by the City of Rockville. The Public Employee Retirement System (PERS) is considered part of the City of Rockville reporting entity and is included in the City's financial reports as pension trust funds. The plans do not issue separate financial statements.

Investment gains for the current year were greater than expected. This is a result of the demutualization compensation the plan received. The demutualization compensation was paid to the plan when Principal Financial Group became a stock company late in 2001. The plan received \$1,636,232 in demutualization compensation. Even without the additional demutualization compensation, the plan continues to have assets in excess of the actuarial accrued liability.

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (15) Pension Plan (Continued)

#### A. Plan Description

The PERS has a defined benefit option and a defined contribution option, which report as separate pension trust funds.

##### (1) Defined Benefit Option

This option is available to police employees, which participate 100 percent in the defined benefit option regardless of the date of employment and non-police employees who were members of the plan as of April 14, 1986. All benefits vest after 10 years of credited service. An employee who retires at age 60 or a police employee with the completion of 25 years of credited service regardless of age is entitled to an annual retirement benefit, payable monthly for life (120 payments are guaranteed), for union employees in an amount equal to 1.8 percent of his/her final average salary, for each year of credited service, for administrative personnel in an amount equal to 1.8 percent before April 1, 1996, and 2.0 percent on or after April 1, 1996, of his/her final average salary, for each year of credited service and for police personnel in an amount equal to the lesser of (a) 2.0 percent of his/her final average earnings multiplied by his/her years of credited service, and (b) 60 percent of his/her final average earnings. Final average salary for administrative personnel and union employees is computed as the average earnings over three consecutive years within the last 10 years of service which produces the highest average and for police employees the average annual earnings is computed as the average annual earnings during the final 60 months of employment with the City.

Covered police and pre-1986 non-police employees are required by statute to contribute a certain percent (4.2 percent for union, 5.2 percent for administrative and 8.5 percent for police) of their salaries to the plan. If an employee leaves covered employment or dies before 10 years of credited service (based upon a graduated vesting schedule of 50 percent after five years, up to 100 percent after 10 years of credited service), accumulated employee contributions plus credited interest thereon at the rate of 6 percent and a portion of the City's contribution (City contributions are deemed to be 150 percent of the employees contributions plus credited interest) are paid to the employee or designated beneficiary.

This option also is available to full-time, permanent, non-police employees hired on or after April 15, 1986. These employees also are covered by the defined contribution option described below. Employees are required to participate from the date of employment. Union employees are covered for an annual benefit equal to 1 percent of average salary and administrative personnel are covered for an annual benefit equal to 1.0 percent before April 1, 1996, and 1.2 percent on or after April 1, 1996, of average salary (as previously defined) for each year of credited service. Administrative personnel are required by statute to contribute 1 percent of their salaries to the plan starting April 1, 1996. Employees are vested 100% after 10 years of service.

##### (2) Defined Contribution Option

Full-time, permanent non-police employees hired on or after April 15, 1986, are required to participate in this option from the date of employment. The plan allows contributions up to a maximum of 5 percent of earnings. The employee contributions are matched \$.50 by the City for each \$1 contributed by the employee. The employee is fully vested in his/her employee contributions and investment earnings thereon. The City's contribution for each employee (City's contributions and investment earnings thereon) is partially vested after three years and fully vested after seven years of credited service. Employees attaining the age of 60 become fully vested regardless of the number of years of credited service. The contributions actually made in FY 02 for plan members were \$697,025 and the City contributed \$348,512.



# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### (15) Pension Plan (Continued)

#### A. Plan Description (Continued)

Membership in the defined benefit plan consisted of the following at April 1, 2002, the date of the latest actuarial valuation.

Retirees and beneficiaries receiving payments	119
Terminated plan members entitled to but not yet receiving payments	85
Active plan members	<u>504</u>
Total	<u>708</u>

#### B. Funding Policy and Annual Pension Cost - Defined Benefit Option

The employee contribution requirements for the plan are set by the Retirement Board. The City's annual contribution is based on annual actuarial valuations. The City of Rockville bears the cost of administering the pension plan.

Contribution rates	
City	5.25%-6.38%
Plan members	0.00%-8.50%
Annual pension cost	\$1,190,163
Contributions made	\$1,190,163
Actuarial valuation date	4/1/02
Actuarial cost method	Entry age normal
Amortization method	N/A
Remaining amortization period	0 years
Asset valuation method	
Fixed income assets	Contract basis
United States Stock	Four years smoothed market
Actuarial assumptions	
Investment rate of return	7.75%
Projected salary increases	3.88%-8.10%
Includes inflation at	3.00%
Cost of living adjustments	0.00%

The PERS funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The actuarial assumptions used to compute the required contribution amount are the same as those used to compute the pension benefits earned. The rate for the City's employee group as a whole has tended to remain level as a percentage of annual covered payroll. The contribution rate for normal cost is determined using the credited projected benefits actuarial funding method with proration based on service. The City of Rockville is required to contribute all amounts in excess of employee contributions necessary to fund this pension plan, using the entry age-normal actuarial method.

#### C. Historical Trend Information - Defined Benefit Option

Historical trend information about pension plans is presented herewith as required supplementary information. This information is intended to help users assess pension plan funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems. The amount shown in the historical trend information as the "actuarial accrued liability" is a measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. Annual pension costs equal the employer's annual required contributions for all disclosed fiscal years.

# CITY OF ROCKVILLE, MARYLAND

## Notes to General Purpose Financial Statements June 30, 2002

### C. Historical Trend Information - Defined Benefit Option (Continued)

#### 1) Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date April 1	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) Entry Age	(A-B) Funded AAL (FAAL)	(A/B) Funded Ratio	(C) Covered Payroll	((A-B)/C) FAAL as a percentage of Covered Payroll
1997	\$31,166,006	\$25,764,412	\$5,401,594	121.0%	\$14,087,288	38.3%
1998	35,031,665	27,810,959	7,220,706	126.0	15,801,941	45.7
1999	39,139,715	29,550,412	9,589,303	132.5	17,111,645	56.0
2000	42,656,509	31,873,609	10,782,900	133.8	18,688,532	57.7
2001	41,714,743	33,981,593	7,733,150	122.8	19,394,622	39.9
2002	45,290,157	37,225,924	8,064,233	121.7	22,224,041	36.3

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, and funded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the City's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the PERS. Trends in the funded actuarial accrued liability and covered payroll are both affected by inflation. Expressing the funded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the City's progress made in accumulating sufficient assets to pay benefits when due. Generally, the greater this percentage, the stronger the PERS.

#### 2) Schedule of Employer Contributions (1997-2002)

Plan Year Ending April 1	Contribution	Contributed
1997	\$ 728,264	100.0%
1998	815,280	100.0
1999	930,662	100.0
2000	1,040,585	100.0
2001	1,139,933	100.0
2002	1,190,163	100.0

Note: Contributions have been made in accordance with actuarially determined requirements which have been computed each year.

### (16) New Governmental Accounting Standards Board (GASB) Standards

Statement No. 34, "Basic Financial Statements – and Management Discussion and Analysis – For State and Local Governments", issued June 1999, as amended by Statement No. 37, will be effective for the City of Rockville for the fiscal year ending June 30, 2003. Statement No. 38 "Certain Financial Statement Note Disclosures," is effective with the adoption of Statement No. 34. Statement No. 34 imposes new standards for financial reporting while Statement No. 38 modifies and imposes new disclosure requirements. Management has not yet completed their assessment of the statement, however, it will have a material effect on the overall financial statement preparation of the City of Rockville.

# **General Fund**

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The General Fund accounts for the normal recurring activities of the City (i.e., police, recreation, public works, general government, etc.). These activities are funded principally by property taxes on individuals and businesses and grants from other governmental units.



## CITY OF ROCKVILLE, MARYLAND

Balance Sheet  
General Fund  
June 30, 2002  
(With Comparative Totals for 2001)

<u>Assets</u>	<u>2002</u>	<u>2001</u>
Equity in pooled cash and cash equivalents	\$ 8,116,948	\$11,256,633
Property taxes receivable, net	959,683	251,795
Accounts receivable, net	155,935	641,753
Interfund receivable	2,415,663	712,612
Due from other governments	2,092,068	2,472,145
Other assets	<u>1,000,042</u>	<u>1,184,729</u>
Total assets	<u>\$14,740,339</u>	<u>\$16,519,667</u>
<u>Liabilities and Fund Balance</u>		
<u>Liabilities</u>		
Accounts payable	\$ 667,600	\$ 854,185
Accrued liabilities	903,315	795,799
Deferred revenue	1,891,989	1,444,576
Deposits	<u>452,311</u>	<u>424,036</u>
Total liabilities	\$ 3,915,215	\$ 3,518,596
<u>Fund Balance</u>		
Reserved for encumbrances	193,867	312,731
Reserved for self insurance deposit	261,393	261,393
Reserved for inventory	297,783	259,586
Reserved for advance	350,000	350,000
Unreserved:		
Designated for future expenditures	592,906	2,316,817
Undesignated	<u>9,129,175</u>	<u>9,500,544</u>
Total fund balance	<u>\$10,825,124</u>	<u>\$13,001,071</u>
Total liabilities and fund balance	<u>\$14,740,339</u>	<u>\$16,519,667</u>

## CITY OF ROCKVILLE, MARYLAND

Statement of Revenue, Expenditures, and Changes in Fund Balance  
 Revised Budget (GAAP Basis) and Actual - General Fund  
 For the Year Ended June 30, 2002  
 (With Comparative Totals for 2001)

	.....2002.....		Variance	2001
	Revised <u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
<u>Revenue</u>				
<u>Property Taxes</u>				
Real Property	\$16,050,000	\$16,790,513	\$ 740,513	\$15,167,534
Business and other property	<u>3,075,000</u>	<u>3,598,450</u>	<u>523,450</u>	<u>3,270,964</u>
Total property taxes	\$19,125,000	\$20,388,963	\$1,263,963	\$18,438,498
<u>Revenue from Other Governments</u>				
Income taxes	5,850,000	6,468,570	618,570	6,957,578
Gas and motor vehicle taxes	2,418,473	2,559,709	141,236	2,339,566
County tax duplication payment	1,400,000	1,416,161	16,161	1,611,274
Admissions and amusement taxes	1,050,000	1,056,024	6,024	1,076,387
Public protection grant	722,570	696,584	(25,986)	775,733
Youth services grant	127,886	116,815	(11,071)	113,567
Cable television franchise fee	309,000	240,528	(68,472)	339,793
Other governmental revenue	<u>90,853</u>	<u>87,522</u>	<u>(3,331)</u>	<u>101,278</u>
Total governmental revenue	\$11,968,782	\$12,641,913	\$ 673,131	\$13,315,176
Licenses and permits	1,917,735	2,095,586	177,851	1,928,888
<u>Charges for Services</u>				
Recreation fees	3,146,067	3,164,611	18,544	2,017,090
Road permit fees	1,009,500	1,178,657	169,157	1,127,081
Other	<u>568,576</u>	<u>499,259</u>	<u>(69,317)</u>	<u>605,592</u>
Total charges for services	\$ 4,724,143	\$ 4,842,527	\$ 118,384	\$ 3,749,763
<u>Use of Money and Property</u>				
Interest income	485,000	447,280	(37,720)	813,382
Rental income	<u>509,060</u>	<u>446,567</u>	<u>(62,493)</u>	<u>500,891</u>
Total revenue from use of money and property	\$ 994,060	\$ 893,847	\$(100,213)	\$ 1,314,273
Fines and forfeitures	12,200	8,443	(3,757)	10,858
Other Revenue	<u>1,533,058</u>	<u>1,401,965</u>	<u>(131,093)</u>	<u>2,321,500</u>
Total revenue	\$40,274,978	\$42,273,244	\$1,998,266	\$41,078,956

(Continued)

## CITY OF ROCKVILLE, MARYLAND

Statement of Revenue, Expenditures, and Changes in Fund Balance  
 Revised Budget (GAAP Basis) and Actual - General Fund  
 For the Year Ended June 30, 2002  
 (With Comparative Totals for 2001)

	.....2002.....			
	Revised Budget	Actual	Variance Favorable (Unfavorable)	2001 Actual
<u>Expenditures</u>				
<u>General Government</u>				
Mayor and Council	\$ 496,355	\$ 494,659	\$ 1,696	\$ 439,498
City Manager	970,025	957,700	12,325	830,170
City Attorney	771,690	766,419	5,271	669,417
Finance and Information and Technology	4,671,413	4,158,141	513,272	3,748,491
Graphics and printing services	725,988	713,932	12,056	680,542
Other	<u>1,036,752</u>	<u>997,392</u>	<u>39,360</u>	<u>880,308</u>
Total general government	\$ 8,672,223	\$ 8,088,243	\$ 583,980	\$ 7,248,426
Community Development-Planning	1,336,169	1,245,124	91,045	1,082,130
Community Services	1,486,677	1,480,329	6,348	1,196,384
<u>Public Safety</u>				
Police	4,337,578	4,327,961	9,617	4,151,757
Licenses and inspections	1,357,837	1,349,764	8,073	1,436,036
Animal control	<u>223,455</u>	<u>223,082</u>	<u>373</u>	<u>203,680</u>
Total public safety	\$ 5,918,870	\$ 5,900,807	\$ 18,063	\$ 5,791,473
Public works	4,946,561	4,604,088	342,473	4,459,354
Recreation and parks	12,355,342	12,031,089	324,253	10,166,794
Nondepartmental	<u>2,311,411</u>	<u>1,595,732</u>	<u>715,679</u>	<u>1,518,305</u>
Total expenditures	<u>\$37,027,253</u>	<u>\$34,945,412</u>	<u>\$2,081,841</u>	<u>\$31,462,866</u>
Excess of revenue over expenditures	\$ 3,247,725	\$ 7,327,832	\$4,080,107	\$ 9,616,090

(Continued)

## CITY OF ROCKVILLE, MARYLAND

Statement of Revenue, Expenditures, and Changes in Fund Balance  
 Revised Budget (GAAP Basis) and Actual - General Fund  
 For the Year Ended June 30, 2002  
 (With Comparative Totals For 2001)

	.....2002.....			
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2001 Actual</u>
<u>Other Financing Uses</u>				
Transfer out to capital projects fund	\$(4,700,000)	\$(4,700,000)	\$ -	\$(2,457,024)
Transfer out to debt service fund	(4,150,000)	(4,150,000)	-	(3,815,804)
Transfer out to refuse fund	(36,792)	(36,792)	-	(36,792)
Transfer out to special activities fund	(25,000)	(25,000)	-	(50,000)
Total other financing uses	<u>\$(8,911,792)</u>	<u>\$(8,911,792)</u>	<u>\$ -</u>	<u>\$(6,359,620)</u>
<u>Residual Equity Transfer</u>				
Transfer in from swim center fund	<u>-</u>	<u>(591,987)</u>	<u>(591,987)</u>	<u>-</u>
Net increase (decrease) in fund balance	<u>\$(5,664,067)</u>	<u>\$(2,175,947)</u>	<u>\$ 3,488,120</u>	<u>\$ 3,256,470</u>



## **Special Revenue Funds**

Special Revenue Funds accounts for the proceeds of specific revenue sources to be expended for specified purposes. The City maintains three funds: the Community Development Block Grant Fund, the Special Activities Fund, and the Property Management Fund. The Community Development Block Grant Fund accounts for federal grants for housing and community development programs. The Special Activities Fund accounts for funds raised for various community activities (i.e. Rockville Seniors Inc., mansion improvements, bike program, telecommunications improvements, etc). The Property Management Fund is a land use fund and accounts for the expenses incurred with the development and sale of land within the City's redevelopment areas and for the revenue from its sale. On July 1, 2001, the City reclassified the Swim Center Fund as part of the General Fund.



## CITY OF ROCKVILLE, MARYLAND

Combining Balance Sheet  
Special Revenue Funds  
June 30, 2002

	Property Management Fund	Swim Center Fund	Special Activities Fund	Community Development Block Grant Fund	Total
<u>Assets</u>					
Equity in pooled cash and cash equivalents	\$135,100	\$ -	\$447,086	\$ -	\$582,186
Accounts receivable, net	78,312	-	54,065	163,738	296,115
Other assets	-	-	1,925	-	1,925
Total assets	<u>\$213,412</u>	<u>\$ -</u>	<u>\$503,076</u>	<u>\$163,738</u>	<u>\$880,226</u>
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accounts payable	\$ -	\$ -	\$ 59,010	\$ 599	\$ 59,609
Interfund payable	-	-	-	156,839	156,839
Deferred revenue	77,770	-	-	-	77,770
Other	-	-	3,000	6,300	9,300
Total liabilities	\$ 77,770	\$ -	\$ 62,010	\$163,738	\$303,518
<u>Fund Balance</u>					
Unreserved:					
Undesignated	135,642	-	441,066	-	576,708
Total fund balance	<u>\$135,642</u>	<u>\$ -</u>	<u>\$441,066</u>	<u>\$ -</u>	<u>\$576,708</u>
Total liabilities and fund balance	<u>\$213,412</u>	<u>\$ -</u>	<u>\$503,076</u>	<u>\$163,738</u>	<u>\$880,226</u>

## CITY OF ROCKVILLE, MARYLAND

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Special Revenue Funds  
For the Year Ended June 30, 2002

	Property Management <u>Fund</u>	Swim Center <u>Fund</u>	Special Activities <u>Fund</u>	Community Development Block Grant <u>Fund</u>	<u>Total</u>
<u>Revenue</u>					
Grant revenue	\$ -	\$ -	\$ -	\$385,644	\$385,644
Use of money and property	667	-	11,760	-	12,427
Other	<u>9,751</u>	<u>-</u>	<u>418,511</u>	<u>-</u>	<u>428,262</u>
Total revenue	\$ 10,418	\$ -	\$430,271	\$385,644	\$826,333
<u>Expenditures</u>					
Community development block grant	-	-	-	385,644	385,644
Community services	-	-	<u>379,702</u>	<u>-</u>	<u>379,702</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$379,702</u>	<u>\$385,644</u>	<u>\$765,346</u>
Excess of revenue over expenditures	\$ 10,418	\$ -	\$ 50,569	\$ -	\$ 60,987
<u>Other Financing Sources</u>					
Transfer from general fund	-	-	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>
Excess of revenue and other financing sources over expenditures	\$ 10,418	\$ -	\$ 75,569	\$ -	\$ 85,987
Fund balance at beginning of year	125,224	(591,987)	365,497	-	(101,266)
Residual equity transfer	<u>-</u>	<u>591,987</u>	<u>-</u>	<u>-</u>	<u>591,987</u>
Fund balance at end of year	<u>\$ 135,642</u>	<u>\$ -</u>	<u>\$441,066</u>	<u>\$ -</u>	<u>\$576,708</u>

## CITY OF ROCKVILLE, MARYLAND

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Revised Budget (GAAP Basis) and Actual - Special Revenue Funds  
For the Year Ended June 30, 2002

	Property Management Fund		Swim Center Fund		Special Activities Fund		Community Development Block Grant Fund		Total	Variance Favorable (Unfavorable)
	Revised Budget	Actual	Revised Budget	Actual	Revised Budget	Actual	Revised Budget	Actual	Actual	
<b>Revenue</b>										
Grant revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 805,998	\$ 385,644	\$ 385,644	\$ (420,354)
Use of money and property	4,000	667	-	-	11,415	11,760	-	-	12,427	(2,988)
Other	10,100	9,751	-	-	474,626	418,511	-	-	484,726	(56,464)
Total revenue	\$ 14,100	\$ 10,418	\$ -	\$ -	\$ 486,041	\$ 430,271	\$ 805,998	\$ 385,644	\$ 826,333	\$ (479,806)
<b>Expenditures</b>										
Community development block grant	-	-	-	-	-	-	805,998	385,644	385,644	420,354
Community services	-	-	-	-	896,319	379,702	-	-	896,319	516,617
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ 896,319	\$ 379,702	\$ 805,998	\$ 385,644	\$ 765,346	\$ 936,971
Excess (deficiency) of revenue over expenditures	\$ 14,100	\$ 10,418	\$ -	\$ -	\$ (410,278)	\$ 50,569	\$ -	\$ -	\$ 60,987	\$ 457,165
<b>Other Financing Sources</b>										
Transfer from general fund	-	-	-	-	25,000	25,000	-	-	25,000	-
Total other financing sources	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -
<b>Excess (deficiency) of revenue and other financing sources over expenditures</b>	\$ 14,100	\$ 10,418	\$ -	\$ -	\$ (385,278)	\$ 75,569	\$ -	\$ -	\$ 85,987	\$ 457,165
<b>Fund balance at beginning of year</b>	125,224	125,224	(591,987)	(591,987)	365,497	365,497	-	-	(101,266)	-
<b>Residual equity transfer</b>	-	-	-	591,987	-	-	-	-	591,987	591,987
<b>Fund balance at end of year</b>	\$ 139,324	\$ 135,642	\$ (591,987)	\$ -	\$ (19,781)	\$ 441,066	\$ -	\$ -	\$ 576,708	\$ 1,049,152

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# **Debt Service Fund**

The Debt Service Fund accounts for the payment of principal and interest on general long-term debt of the City.





## CITY OF ROCKVILLE, MARYLAND

Balance Sheet  
Debt Service Fund  
June 30, 2002  
(With Comparative Totals for 2001)

<u>Assets</u>	<u>2002</u>	<u>2001</u>
Equity in pooled cash and cash equivalents	\$2,702,220	\$1,295,787
Assessments receivable	23,860	29,117
Other assets	54,196	76,135
Unbilled assessments receivable	<u>2,746,165</u>	<u>2,984,813</u>
Total assets	<u>\$5,526,441</u>	<u>\$4,385,852</u>
<u>Liabilities and Fund Balance</u>		
<u>Liabilities</u>		
Deferred revenue	\$2,770,025	\$3,013,930
Escrow	<u>384,300</u>	<u>384,300</u>
Total liabilities	\$3,154,325	\$3,398,230
<u>Fund Balance</u>		
Reserved for payment of:		
General obligation bonds and other debt	<u>2,372,116</u>	<u>987,622</u>
Total fund balance	<u>\$2,372,116</u>	<u>\$ 987,622</u>
Total liabilities and fund balance	<u>\$5,526,441</u>	<u>\$4,385,852</u>

## CITY OF ROCKVILLE, MARYLAND

Statement of Revenue, Expenditures, and Changes in Fund Balance  
Revised Budget (GAAP Basis) and Actual-Debt Service Fund  
For the Year Ended June 30, 2002  
(With Comparative Totals for 2001)

	.....2002.....		Variance	
	Revised Budget	Actual	Favorable (Unfavorable)	2001
<u>Revenue</u>				
Assessments	\$ 424,144	\$ 460,332	\$ 36,188	\$ 436,751
Use of money and property	<u>60,000</u>	<u>12,352</u>	<u>(47,648)</u>	<u>90,801</u>
Total revenue	\$ 484,144	\$ 472,684	\$(11,460)	\$ 527,552
<u>Expenditures</u>				
Principal repayments:				
General obligation bonds	2,558,983	2,378,496	180,487	2,959,199
Interest payments:				
General obligation bonds	931,430	850,788	80,642	925,612
Other	<u>10,000</u>	<u>8,906</u>	<u>1,094</u>	<u>1,200</u>
Total expenditures	<u>\$ 3,500,413</u>	<u>\$ 3,238,190</u>	<u>\$262,223</u>	<u>\$ 3,886,011</u>
Excess of expenditures over revenues	\$(3,016,269)	\$(2,765,506)	\$250,763	\$(3,358,459)
<u>Other Financing Sources (Uses)</u>				
Transfer in from general fund	\$ 4,150,000	\$ 4,150,000	\$ -	\$ 3,815,804
Transfer out to capital projects fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>
Total financing sources	<u>\$ 4,150,000</u>	<u>\$ 4,150,000</u>	<u>\$ -</u>	<u>\$ 1,815,804</u>
Net increase (decrease) in fund balance	<u>\$ 1,133,731</u>	<u>\$ 1,384,494</u>	<u>\$250,763</u>	<u>\$(1,542,655)</u>

# **Capital Projects Fund**

The Capital Projects Fund accounts for the purchase, construction, or renovation of major general fixed assets.



## CITY OF ROCKVILLE, MARYLAND

Balance Sheet  
 Capital Projects Fund  
 June 30, 2002  
 (With Comparative Totals for 2001)

	<u>2002</u>	<u>2001</u>
<u>Assets</u>		
Other assets	\$ 212,194	\$ 41
Total assets	<u>\$ 212,194</u>	<u>\$ 41</u>
<u>Liabilities and Fund Balances</u>		
Accounts payable	\$ 1,018,981	\$ 852,490
Interfund Payable	2,124,596	198,604
Deferred revenues	7,500	7,500
Retainages payable	<u>321,948</u>	<u>208,462</u>
Total liabilities	\$ 3,473,025	\$ 1,267,056
Fund balances:		
Reserved for encumbrances	\$2,333,479	\$ 4,673,454
Unreserved:		
Undesignated	<u>(5,594,310)</u>	<u>(5,940,469)</u>
Total fund balances	<u>\$(3,260,831)</u>	<u>\$(1,267,015)</u>
Total liabilities and fund balances	<u>\$ 212,194</u>	<u>\$ 41</u>

## CITY OF ROCKVILLE, MARYLAND

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Capital Projects Fund  
 For the Year Ended June 30, 2002  
 (With Comparative Totals for 2001)

	<u>2002</u>	<u>2001</u>
<u>Revenue</u>		
Grants and contracts from other governments	\$ 1,375,109	\$ 617,699
Charges for services	345,542	417,466
Use of money and property	(21)	1,543
Total revenue	\$ 1,720,630	\$ 1,036,708
<u>Expenditures</u>		
Open projects	9,090,469	4,300,200
Closed projects	1,869,853	2,244,478
Total expenditures	<u>\$10,960,322</u>	<u>\$ 6,544,678</u>
Deficiency of revenue over expenditures	\$(9,239,692)	\$(5,507,970)
<u>Other Financing Sources</u>		
Transfer from general fund	4,700,000	2,457,024
Transfer from debt service fund	-	2,000,000
Transfer from property management fund	-	571,682
Proceeds from sale of general obligation bonds	2,545,876	-
Total other financing sources	<u>\$ 7,245,876</u>	<u>\$ 5,028,706</u>
Deficiency of revenue and other financing sources over expenditures	\$(1,993,816)	\$ (479,264)
Fund balances at beginning of year	<u>\$(1,267,015)</u>	<u>\$ (787,751)</u>
Fund balances at end of year	<u>\$(3,260,831)</u>	<u>\$(1,267,015)</u>

# Enterprise Funds

Enterprise Funds are designed to be self-supporting. The City operates three major types of enterprise funds: Utility Funds, the Parking Fund, and the RedGate Golf Course Fund. The Utility Funds (the Water Facility Fund, the Sanitary Sewer Fund, the Refuse Fund, the Storm Water Management Fund) account for the provision of water, sewer, and refuse services and storm water detention/retention facilities to residents within the City's service area. The Parking Fund accounts for the Middle Lane parking lot, the future parking meter program, and the planning, design, construction, and operation of a proposed parking garage in the City's Town Center. The RedGate Golf Course Fund accounts for the operating and capital costs for the City's golf course facility.





## CITY OF ROCKVILLE, MARYLAND

Combining Balance Sheet  
Enterprise Funds  
June 30, 2002  
(With Comparative totals for 2001)

	<u>2002</u>				
<u>Assets</u>	<u>Total Utility Funds</u>	<u>Parking Fund</u>	<u>RedGate Golf Course Fund</u>	<u>Total</u>	<u>2001</u>
<u>Current Assets</u>					
Equity in pooled cash and cash					
Equivalents	\$17,710,905	\$599,179	\$ -	\$18,310,084	\$14,515,202
Accounts receivable, net	2,349,585	-	-	2,349,585	2,238,225
Assessments receivable	21,952	-	-	21,952	19,371
Purchased capacity, current portion	22,131	-	-	22,131	22,131
Other receivables/assets	<u>83,038</u>	<u>2,200</u>	<u>275</u>	<u>85,513</u>	<u>273,134</u>
Total current assets	\$20,187,611	\$601,379	\$ 275	\$20,789,265	\$17,068,063
Unbilled assessments receivable	512,066	-	-	512,066	660,680
<u>Fixed Assets</u>					
Utility plant and equipment	58,901,752	62,972	3,803,655	62,768,379	61,205,332
Less - accumulated depreciation	<u>(26,469,564)</u>	<u>-</u>	<u>(1,027,993)</u>	<u>(27,497,557)</u>	<u>(25,682,635)</u>
Net fixed assets	<u>\$32,432,188</u>	<u>\$ 62,972</u>	<u>\$2,775,662</u>	<u>\$35,270,822</u>	<u>\$35,522,697</u>
Purchased capacity, long-term, net	<u>15,036,012</u>	<u>-</u>	<u>-</u>	<u>15,036,012</u>	<u>13,765,867</u>
Total assets	<u>\$68,167,877</u>	<u>\$664,351</u>	<u>\$2,775,937</u>	<u>\$71,608,165</u>	<u>\$67,017,307</u>
<u>Liabilities and Equity</u>					
<u>Current Liabilities</u>					
Bonds payable within one year	\$ 1,017,461	\$ -	\$ -	\$ 1,017,461	\$ 643,756
Accounts payable	1,315,140	28	137,060	1,452,228	1,975,037
Interfund payable	-	-	134,228	134,228	98,633
Accrued liabilities	755,086	1,214	94,713	851,013	677,721
Deferred revenue	-	-	82,136	82,136	78,435
Retainages payable	27,944	-	-	27,944	21,273
Deposits and other liabilities	<u>13,627</u>	<u>-</u>	<u>-</u>	<u>13,627</u>	<u>12,227</u>
Total current liabilities	\$ 3,129,258	\$ 1,242	\$ 448,137	\$ 3,578,637	\$ 3,507,082
<u>Long-Term Liabilities</u>					
Bonds payable	<u>10,719,338</u>	<u>-</u>	<u>-</u>	<u>10,719,338</u>	<u>8,057,722</u>
Total long-term liabilities	\$10,719,338	\$ -	\$ -	\$10,719,338	\$ 8,057,722
Total liabilities	\$13,848,596	\$ 1,242	\$ 448,137	\$14,297,975	\$11,564,804
<u>Equity</u>					
Contributed capital	22,035,859	-	1,047,561	23,083,420	23,485,649
Retained earnings:					
Reserved for debt repayment	378,517	-	-	378,517	378,517
Unreserved	<u>31,904,905</u>	<u>663,109</u>	<u>1,280,239</u>	<u>33,848,253</u>	<u>31,588,337</u>
Total equity	<u>\$54,319,281</u>	<u>\$663,109</u>	<u>\$2,327,800</u>	<u>\$57,310,190</u>	<u>\$55,452,503</u>
Total liabilities and equity	<u>\$68,167,877</u>	<u>\$664,351</u>	<u>\$2,775,937</u>	<u>\$71,608,165</u>	<u>\$67,017,307</u>

## CITY OF ROCKVILLE

Combining Statement of Revenue, Expenses, and Changes in Retained Earnings  
Enterprise Funds  
For the Year Ended June 30, 2002

	Total Utility Funds	Parking Fund	RedGate Golf Course Fund	Total
<u>Operating Revenue</u>				
Charges for services	\$12,447,613	\$287,002	\$1,163,681	\$13,898,296
Other revenue	<u>1,903,809</u>	<u>-</u>	<u>227</u>	<u>1,904,036</u>
Total operating revenue	\$14,351,422	\$287,002	\$1,163,908	\$15,802,332
<u>Operating Expenses</u>				
Treatment and purification	\$ 1,093,151	\$ -	\$ -	\$ 1,093,151
Distribution	629,289	-	-	629,289
Collection and disposal	4,449,060	-	-	4,449,060
Customer billing, collection, and operating expenses	3,812,162	198,580	1,170,310	5,181,052
Repairs and maintenance	<u>532,418</u>	<u>-</u>	<u>-</u>	<u>532,418</u>
Total operating expenses	<u>\$10,516,080</u>	<u>\$198,580</u>	<u>\$1,170,310</u>	<u>\$11,884,970</u>
Net operating income (loss) before depreciation and amortization	\$ 3,835,342	\$ 88,422	\$ (6,402)	\$ 3,917,362
Less - depreciation and amortization	<u>(1,866,251)</u>	<u>-</u>	<u>(197,219)</u>	<u>(2,063,470)</u>
Operating income (loss)	\$ 1,969,091	\$ 88,422	\$ (203,621)	\$ 1,853,892
<u>Nonoperating Income (Expenses)</u>				
Interest income	538,859	14,607	617	554,083
Interest expense	<u>(585,313)</u>	<u>-</u>	<u>(1,767)</u>	<u>(587,080)</u>
Total nonoperating income (expense)	<u>\$ (46,454)</u>	<u>\$ 14,607</u>	<u>\$ (1,150)</u>	<u>\$ (32,997)</u>
Income (loss) before operating transfers	\$ 1,922,637	\$103,029	\$ (204,771)	\$ 1,820,895
<u>Operating Transfers In</u>				
Transfer in from general fund	<u>36,792</u>	<u>-</u>	<u>-</u>	<u>36,792</u>
Total operating transfer in	\$ 36,792	\$ -	\$ -	\$ 36,792
Net income (loss)	\$ 1,959,429	\$103,029	\$ (204,771)	\$ 1,857,687
Depreciation charged directly against contributed capital	<u>402,229</u>	<u>-</u>	<u>-</u>	<u>402,229</u>
Increase (decrease) in retained earnings	\$ 2,361,658	\$103,029	\$ (204,771)	\$ 2,259,916
Retained earnings at beginning of year	<u>29,921,764</u>	<u>560,080</u>	<u>1,485,010</u>	<u>31,966,854</u>
Retained earnings at end of year	<u>\$32,283,422</u>	<u>\$663,109</u>	<u>\$1,280,239</u>	<u>\$34,226,770</u>

Combining Statement of Revenue, Expenses, and Changes in Retained Earnings  
Revised Budget (GAAP Basis) and Actual - Enterprise Funds  
For the Year Ended June 30, 2002

	Total			Utility Funds			Parking Fund			RedGate Golf Course			Total
	Revised Budget	Variance Favorable (Unfavorable)		Revised Budget	Variance Favorable (Unfavorable)		Revised Budget	Variance Favorable (Unfavorable)		Revised Budget	Variance Favorable (Unfavorable)		
		Actual			Actual			Actual			Actual		
Total revenue	\$13,140,674	\$14,351,422	\$1,210,748	\$ 337,218	\$287,002	\$50,216)	\$1,093,950	\$ (6,402)	\$ 117,460	\$14,571,842	\$15,802,332	\$1,230,490	
Total operating expenses	<u>11,196,730</u>	<u>10,516,080</u>	<u>680,650</u>	<u>476,847</u>	<u>198,580</u>	<u>278,267</u>	<u>1,217,812</u>	<u>(197,219)</u>	<u>-</u>	<u>12,891,389</u>	<u>11,884,970</u>	<u>1,006,419</u>	
Net Operating income (loss) before depreciation and amortization	\$ 1,943,944	\$ 3,835,342	\$1,891,398	\$(139,629)	\$ 88,422	\$228,051	\$ (123,862)	\$ (6,402)	\$ 117,460	\$ 1,680,453	\$ 3,917,362	\$2,236,909	
Depreciation and amortization	<u>(1,866,251)</u>	<u>(1,866,251)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(197,219)</u>	<u>(197,219)</u>	<u>-</u>	<u>(2,063,470)</u>	<u>(2,063,470)</u>	<u>-</u>	
Operating income (loss)	\$ 77,693	\$ 1,969,091	\$1,891,398	\$(139,629)	\$ 88,422	\$228,051	\$ (321,081)	\$ (203,621)	\$117,460	\$ (383,017)	\$ 1,853,892	\$2,236,909	
Nonoperating income (expenses)													
Interest income	615,654	538,859	(76,795)	18,000	14,607	(3,393)	-	617	617	633,654	554,083	(79,571)	
Interest expense	<u>(583,313)</u>	<u>(583,313)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,767)</u>	<u>(1,767)</u>	<u>-</u>	<u>(587,080)</u>	<u>(587,080)</u>	<u>-</u>	
Total nonoperating income	<u>\$ 30,341</u>	<u>\$ (46,454)</u>	<u>\$ (76,795)</u>	<u>\$ 18,000</u>	<u>\$ 14,607</u>	<u>\$ (3,393)</u>	<u>\$ (1,767)</u>	<u>\$ (1,150)</u>	<u>\$ 617</u>	<u>\$ 46,574</u>	<u>\$ (32,997)</u>	<u>\$ (79,571)</u>	
Income (loss) before operating transfers	\$ 108,034	\$ 1,922,637	\$1,814,603	\$(121,629)	\$103,029	\$224,658	\$ (322,848)	\$ (204,771)	\$118,077	\$ (336,443)	\$ 1,820,895	\$2,157,338	
Operating Transfers In													
Transfer in from general fund	36,792	36,792	-	-	-	-	-	-	-	36,792	36,792	-	
Total operating transfer in	<u>\$ 36,792</u>	<u>\$ 36,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,792</u>	<u>\$ 36,792</u>	<u>\$ -</u>	
Net income (loss)	\$ 144,826	\$ 1,959,429	\$1,814,603	\$(121,629)	\$103,029	\$224,658	\$ (322,848)	\$ (204,771)	\$118,077	\$ (299,651)	\$1,857,687	2,157,338	
Depreciation charged directly against contributed capital	-	402,229	402,229	-	-	-	-	-	-	-	402,229	402,229	
Net increase (decrease) in retained earnings	<u>\$ 144,826</u>	<u>\$ 2,361,658</u>	<u>\$ 2,216,832</u>	<u>\$(121,629)</u>	<u>\$103,029</u>	<u>\$224,658</u>	<u>\$ (322,848)</u>	<u>\$ (204,771)</u>	<u>\$118,077</u>	<u>\$ (299,651)</u>	<u>\$ 2,259,916</u>	<u>\$ 2,559,567</u>	

## CITY OF ROCKVILLE, MARYLAND

Combining Statement of Cash Flows  
Enterprise Funds  
For the Year Ended June 30, 2002

	<u>Total Utility Funds</u>	<u>Parking Fund</u>	<u>RedGate Golf Course Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$14,237,233	\$287,066	\$1,167,382	\$15,691,681
Cash payments to suppliers for goods and services	(6,092,981)	(180,482)	(467,984)	(6,741,447)
Cash payments to employees for services	<u>(4,968,268)</u>	<u>(20,964)</u>	<u>(635,477)</u>	<u>(5,624,709)</u>
Net cash provided by operating activities	\$ 3,175,984	\$ 85,620	\$ 63,921	\$ 3,325,525
<b>Cash flows from noncapital financing activities:</b>				
Cash received from general fund	<u>36,792</u>	<u>-</u>	<u>35,595</u>	<u>72,387</u>
Net cash provided by noncapital financing activities	\$ 36,792	\$ -	\$ 35,595	\$ 72,387
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(1,601,773)	(17,048)	(100,655)	(1,719,476)
Purchased capacity cost	(1,292,275)	-	-	(1,292,275)
Principal paid on general obligation bond maturities and equipment contracts	(868,253)	-	-	(868,253)
Interest paid on general obligation bonds and equipment contracts	(484,459)	-	-	(484,459)
Proceeds (including interest) from special assessments	208,419	-	-	208,419
Proceeds from the sale of bonds	<u>3,884,653</u>	<u>-</u>	<u>-</u>	<u>3,884,653</u>
Net cash used by capital and related financing activities	\$ (153,688)	\$(17,048)	\$(100,655)	\$ (271,391)
<b>Cash flows from investing activities - interest on investments</b>	<u>649,516</u>	<u>17,706</u>	<u>1,139</u>	<u>668,361</u>
Net increase in cash and cash equivalents	\$ 3,708,604	\$ 86,278	\$ -	\$ 3,794,882
Cash and cash equivalents at beginning of year	<u>14,002,301</u>	<u>512,901</u>	<u>-</u>	<u>14,515,202</u>
Cash and cash equivalents at end of year	<u>\$17,710,905</u>	<u>\$599,179</u>	<u>\$ -</u>	<u>\$18,310,084</u>

(Continued)

# CITY OF ROCKVILLE, MARYLAND

## Combining Statement of Cash Flows (Continued) Enterprise Funds For the Year Ended June 30, 2002

### Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities

	Total Utility Funds	Parking Fund	RedGate Golf Course Fund	Total
<b>Operating income (loss)</b>	\$ 1,969,091	\$ 88,422	\$(203,621)	\$ 1,853,892
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>				
Depreciation and amortization	\$ 1,866,251	\$ -	\$ 197,219	\$ 2,063,470
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(111,360)	-	10,966	(100,394)
Increase (decrease) in accounts payable	(629,552)	(4,016)	18,632	(614,936)
Increase in accrued liabilities	73,483	1,214	37,024	111,721
Increase in deferred revenue	-	-	3,701	3,701
Increase in retainages payable	6,671	-	-	6,671
Increase in deposits and other liabilities	1,400	-	-	1,400
<b>Total adjustments</b>	<u>\$ 1,206,893</u>	<u>\$ (2,802)</u>	<u>\$ 267,542</u>	<u>\$ 1,471,633</u>
<b>Net cash provided by operating activities</b>	<u>\$ 3,175,984</u>	<u>\$ 85,620</u>	<u>\$ 63,921</u>	<u>\$ 3,325,525</u>

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## CITY OF ROCKVILLE, MARYLAND

Combining Balance Sheet  
Enterprise Funds - Utility Funds  
June 30, 2002

<u>Assets</u>	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Storm Water Management Fund	<u>Total</u>
<u>Current Assets</u>					
Equity in pooled cash and cash equivalents	\$ 3,959,201	\$ 3,008,592	\$ 639,095	\$10,104,017	\$17,710,905
Accounts receivable, net	614,970	999,625	734,990	-	2,349,585
Assessments receivable	10,675	11,277	-	-	21,952
Purchased capacity, current portion	-	22,131	-	-	22,131
Other receivables	19,054	15,598	6,904	41,482	83,038
Total current assets	\$ 4,603,900	\$ 4,057,223	\$1,380,989	\$10,145,499	\$20,187,611
Unbilled assessments receivable	252,164	259,902	-	-	512,066
<u>Fixed Assets</u>					
Utility plant and equipment	31,623,116	19,983,431	2,742,211	4,552,994	58,901,752
Less - accumulated depreciation	(13,477,819)	(10,349,883)	(1,500,202)	(1,141,660)	(26,469,564)
Net fixed assets	\$18,145,297	\$ 9,633,548	\$1,242,009	\$ 3,411,334	\$32,432,188
Purchased capacity, long-term, net	-	15,036,012	-	-	15,036,012
Total assets	<u>\$23,001,361</u>	<u>\$28,986,685</u>	<u>\$2,622,998</u>	<u>\$13,556,833</u>	<u>\$68,167,877</u>
<u>Liabilities and Equity</u>					
<u>Current Liabilities</u>					
Bonds payable within one year	\$ 464,211	\$ 510,983	\$ 42,267	\$ -	\$ 1,017,461
Accounts payable	257,083	957,360	83,431	17,266	1,315,140
Accrued liabilities	382,461	118,625	236,042	17,958	755,086
Retainages payable	27,944	-	-	-	27,944
Deposits and other liabilities	13,627	-	-	-	13,627
Total current liabilities	\$ 1,145,326	\$ 1,586,968	\$ 361,740	\$ 35,224	\$ 3,129,258
<u>Long-Term Liabilities</u>					
Bonds payable	5,433,699	5,049,708	235,931	-	10,719,338
Total long-term liabilities	<u>\$ 5,433,699</u>	<u>\$ 5,049,708</u>	<u>\$ 235,931</u>	<u>\$ -</u>	<u>\$10,719,338</u>
Total liabilities	\$ 6,579,025	\$ 6,636,676	\$ 597,671	\$ 35,224	\$13,848,596
<u>Equity</u>					
Contributed capital	\$ 7,776,469	\$ 6,715,673	\$ -	\$ 7,543,717	\$22,035,859
Retained earnings:					
Reserved for debt repayment	169,400	209,117	-	-	378,517
Unreserved	8,476,467	15,425,219	2,025,327	5,977,892	31,904,905
Total Equity	<u>\$16,422,336</u>	<u>\$22,350,009</u>	<u>\$2,025,327</u>	<u>\$13,521,609</u>	<u>\$54,319,281</u>
Total liabilities and equity	<u>\$23,001,361</u>	<u>\$28,986,685</u>	<u>\$2,622,998</u>	<u>\$13,556,833</u>	<u>\$68,167,877</u>

## CITY OF ROCKVILLE, MARYLAND

Combining Statement of Revenue, Expenses, and Changes in Retained Earnings  
Enterprise Funds - Utility Funds  
For the Year Ended June 30, 2002

	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Storm Water Management Fund	Total
<u>Operating Revenue</u>					
Charges for services	\$2,893,302	\$ 4,756,933	\$3,260,552	\$1,536,826	\$12,447,613
Other revenue	<u>1,148,419</u>	<u>752,796</u>	<u>1,406</u>	<u>1,188</u>	<u>1,903,809</u>
Total operating revenue	\$4,041,721	\$ 5,509,729	\$3,261,958	\$1,538,014	\$14,351,422
<u>Operating Expenses</u>					
Treatment and purification	1,093,151	-	-	-	1,093,151
Distribution	629,289	-	-	-	629,289
Collection and disposal	-	1,532,800	2,916,260	-	4,449,060
Customer billing, collection and operating expenses	1,142,024	1,557,370	541,381	571,387	3,812,162
Repairs and maintenance	<u>116,724</u>	<u>97,610</u>	<u>318,084</u>	<u>-</u>	<u>532,418</u>
Total operating expenses	<u>\$2,981,188</u>	<u>\$ 3,187,780</u>	<u>\$3,775,725</u>	<u>\$ 571,387</u>	<u>\$10,516,080</u>
Operating income (loss) before depreciation and amortization	\$ 1,060,533	\$ 2,321,949	\$ (513,767)	\$ 966,627	\$ 3,835,342
Less - depreciation and amortization	<u>(908,282)</u>	<u>(522,849)</u>	<u>(319,505)</u>	<u>(115,615)</u>	<u>(1,866,251)</u>
Operating income (loss)	\$ 152,251	\$ 1,799,100	\$ (833,272)	\$ 851,012	\$ 1,969,091
<u>Nonoperating Income (Expenses)</u>					
Interest income	147,760	98,381	31,803	260,915	538,859
Interest expense	<u>(287,350)</u>	<u>(288,490)</u>	<u>(9,473)</u>	<u>-</u>	<u>(585,313)</u>
Total nonoperating income (expenses)	<u>\$ (139,590)</u>	<u>\$ (190,109)</u>	<u>\$ 22,330</u>	<u>\$ 260,915</u>	<u>\$ (46,454)</u>
Income (loss) before operating transfers	\$ 12,661	\$ 1,608,991	\$ (810,942)	\$1,111,927	\$ 1,922,637
<u>Operating Transfers In</u>					
Transfer in from general fund	<u>-</u>	<u>-</u>	<u>36,792</u>	<u>-</u>	<u>36,792</u>
Net income (loss)	\$ 12,661	\$ 1,608,991	\$ (774,150)	\$1,111,927	\$ 1,959,429
Depreciation charged directly against contributed capital	<u>187,972</u>	<u>158,177</u>	<u>-</u>	<u>56,080</u>	<u>402,229</u>
Increase (decrease) in retained earnings	\$ 200,633	\$ 1,767,168	\$ (774,150)	\$1,168,007	\$ 2,361,658
Retained earnings at beginning of year	<u>8,445,234</u>	<u>13,867,168</u>	<u>2,799,477</u>	<u>4,809,885</u>	<u>29,921,764</u>
Retained earnings at end of year	<u>\$8,645,867</u>	<u>\$15,634,336</u>	<u>\$2,025,327</u>	<u>\$5,977,892</u>	<u>\$32,283,422</u>



## CITY OF ROCKVILLE, MARYLAND

Combining Statement of Revenue, Expenses, and Changes in Retained Earnings  
Revised Budget (GAAP Basis) and Actual - Enterprise Funds - Utility Funds  
For the Year Ended June 30, 2002

	Water Facility Fund			Sanitary Sewer Fund			Refuse Fund			Storm Water Management Fund			Total
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	
Total revenue	\$3,582,923	\$4,041,721	\$ 458,798	\$5,283,084	\$5,509,729	\$ 226,645	\$ 3,374,667	\$3,261,958	\$ (112,709)	\$ 900,000	\$1,538,014	\$ 638,014	\$14,351,422
Total operating Expenses	3,030,694	2,981,188	49,506	3,526,659	3,187,780	338,879	3,893,230	3,775,725	117,505	746,147	571,387	174,760	10,516,080
Operating income (loss) before depreciation and amortization	\$ 552,229	\$1,060,533	\$ 508,304	\$1,756,425	\$2,321,949	\$ 565,524	\$ (518,563)	\$ (513,767)	\$ 4,796	\$ 153,853	\$ 966,627	\$ 812,774	\$ 3,835,342
Depreciation and amortization	(908,282)	(908,282)	-	(522,849)	(522,849)	-	(319,505)	(319,505)	-	(115,615)	(115,615)	-	(1,866,251)
Operating income (loss)	\$ (356,053)	\$ 152,251	\$ 508,304	\$1,233,576	\$1,799,100	\$ 565,524	\$ (838,068)	\$ (833,272)	\$ 4,796	\$ 38,238	\$ 851,012	\$ 812,774	\$ 1,969,091
Nonoperating Income (Expenses)													
Interest income	161,751	147,760	(13,991)	40,956	98,381	57,425	28,024	31,803	3,779	384,923	260,915	(124,008)	538,859
Interest expense	(287,350)	(287,350)	-	(288,490)	(288,490)	-	(9,473)	(9,473)	-	-	-	-	(585,313)
Total nonoperating income (expenses)	\$ (125,599)	\$ (139,590)	\$ (13,991)	\$ (247,534)	\$ (190,109)	\$ 57,425	\$ 18,551	\$ 22,330	\$ 3,779	\$ 384,923	\$ 260,915	\$ (124,008)	\$ (46,454)
Income (loss) before operating transfers	\$ (481,652)	\$ 12,661	\$ 494,313	\$ 986,042	\$1,608,991	\$ 622,949	\$ (819,517)	\$ (810,942)	\$ 8,575	\$ 423,161	\$1,111,927	\$ 688,766	\$ 1,922,637
Operating Transfers													
In Transfer in from general fund	-	-	-	-	-	-	36,792	36,792	-	-	-	-	36,792
Net income (loss)	\$ (481,652)	\$ 12,661	\$ 494,313	\$ 986,042	\$1,608,991	\$ 622,949	\$ (782,725)	\$ (774,150)	\$ 8,575	\$ 423,161	\$1,111,927	\$ 688,766	\$ 1,959,429
Depreciation charged directly against contributed capital	-	187,972	187,972	-	158,177	158,177	-	-	-	-	56,080	56,080	402,229
Net increase (decrease) in retained earnings	\$ (481,652)	\$ 200,633	\$ 682,285	\$ 986,042	\$1,767,168	\$ 781,126	\$ (782,725)	\$ (774,150)	\$ 8,575	\$ 423,161	\$1,168,007	\$ 744,846	\$ 2,361,658
													\$2,216,832

## CITY OF ROCKVILLE, MARYLAND

Combining Statement of Cash Flows  
Enterprise Funds-Utility Funds  
For the Year Ended June 30, 2002

	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Storm Water Management Fund	Total Utility Funds
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 4,000,186	\$5,466,984	\$3,232,657	\$ 1,537,406	\$14,237,233
Cash payments to suppliers for goods and services	(1,218,333)	(3,160,402)	(1,422,759)	(291,487)	(6,092,981)
Cash payments to employees for services	<u>(1,621,579)</u>	<u>(751,205)</u>	<u>(2,295,102)</u>	<u>(300,382)</u>	<u>(4,968,268)</u>
Net cash provided (used) by operating activities	\$ 1,160,274	\$1,555,377	\$ (485,204)	\$ 945,537	\$ 3,175,984
<b>Cash flows from noncapital financing activities:</b>					
Cash received from general fund	-	-	<u>36,792</u>	-	<u>36,792</u>
Net cash provided by noncapital financing activities	\$ -	\$ -	\$ 36,792	\$ -	\$ 36,792
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(961,002)	(258,395)	(378,927)	(3,449)	(1,601,773)
Purchased capacity cost	-	(1,292,275)	-	-	(1,292,275)
Principal paid on general obligation bond maturities and equipment contracts	(402,812)	(424,815)	(40,626)	-	(868,253)
Interest paid on general obligation bonds and equipment contracts	(252,988)	(225,046)	(6,425)	-	(484,459)
Proceeds (including interest) from special assessments	101,375	107,044	-	-	208,419
Proceeds from the sale of bonds	<u>353,155</u>	<u>3,212,276</u>	<u>319,222</u>	<u>-</u>	<u>3,884,653</u>
Net cash provided (used) by capital and related financing activities	\$(1,162,272)	\$1,118,789	\$ (106,756)	\$ (3,449)	\$ (153,688)
<b>Cash flows from investing activities - interest on investments</b>	<u>164,673</u>	<u>66,700</u>	<u>58,342</u>	<u>359,801</u>	<u>649,516</u>
Net increase (decrease) in cash and cash equivalents	\$ 162,675	\$2,740,866	\$ (496,826)	\$ 1,301,889	\$ 3,708,604
Cash and cash equivalents at beginning of year	<u>3,796,526</u>	<u>267,726</u>	<u>1,135,921</u>	<u>8,802,128</u>	<u>14,002,301</u>
Cash and cash equivalents at end of year	<u>\$ 3,959,201</u>	<u>\$3,008,592</u>	<u>\$ 639,095</u>	<u>\$10,104,017</u>	<u>\$17,710,905</u>

(Continued)

# CITY OF ROCKVILLE, MARYLAND

## Combining Statement of Cash Flows (Continued) Enterprise Funds-Utility Funds For the Year Ended June 30, 2002

### Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

	Water Facility Fund	Sanitary Sewer Fund	Refuse Fund	Storm Water Management Fund	Total Utility Funds
<b>Operating income (loss)</b>	\$ 152,251	\$1,799,100	\$ (833,272)	\$ 851,012	\$ 1,969,091
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>					
Depreciation and amortization	908,282	522,849	319,505	115,615	1,866,251
Changes in assets and liabilities:					
(Increase) in accounts receivable	(35,797)	(62,103)	(13,460)	-	(111,360)
Increase (decrease) in accounts payable	90,818	(717,290)	15,450	(18,530)	(629,552)
Increase (decrease) in accrued liabilities	36,649	12,821	26,573	(2,560)	73,483
Increase in retainages payable	6,671	-	-	-	6,671
Increase in deposits and other liabilities	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400</u>
Total adjustments	<u>\$1,008,023</u>	<u>\$ (243,723)</u>	<u>\$ 348,068</u>	<u>\$ 94,525</u>	<u>\$ 1,206,893</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$1,160,274</u>	<u>\$1,555,377</u>	<u>\$ (485,204)</u>	<u>\$ 945,537</u>	<u>\$ 3,175,984</u>

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# **General Fixed Assets Account Group**

The General Fixed Assets Account Group represents a summary of the fixed assets of the City other than assets of the Enterprise Funds. Capital outlays in funds other than Enterprise Funds are recorded as expenditures of those funds at the time of purchase and are subsequently recorded, at cost, for control purposes in the General Fixed Assets Account Group. In accordance with generally accepted accounting principles for municipalities, depreciation is not recorded on general fixed assets.



## CITY OF ROCKVILLE, MARYLAND

Schedule of Changes in General Fixed Assets  
By Source  
As of June 30, 2002

	<u>2002 Additions Funded From</u>					
	Balance at June 30, 2001	Capital Projects Funds	Transfer	Current Revenue	Disposals	Balance at June 30, 2002
<u>General Fixed Assets, at Cost</u>						
Land	\$ 7,886,011	\$ -	\$ -	\$ -	\$ -	\$ 7,886,011
Buildings	11,778,108	-	2,425,466	-	-	14,203,574
Improvements other than buildings	4,909,943	-	-	-	-	4,909,943
Machinery and equipment	9,652,251	-	-	1,008,648	(766,653)	9,894,246
Construction in progress	<u>7,420,689</u>	<u>\$1,460,297</u>	<u>(2,425,466)</u>	<u>-</u>	<u>-</u>	<u>6,455,520</u>
Total general fixed assets	<u>\$41,647,002</u>	<u>\$1,460,297</u>	<u>\$ -</u>	<u>\$1,008,648</u>	<u>\$(766,653)</u>	<u>\$43,349,294</u>
<u>Investment in General Fixed Assets</u>						
Investment in general Property acquired prior to July 1, 1959	\$ 3,899,631	\$ -	\$ -	\$ -	\$ -	\$ 3,899,631
Investment in property acquired after June 30, 1959, from:						
General bonds	18,239,186	1,460,297	-	-	-	19,699,483
Current revenue	11,133,056	-	-	1,008,648	(766,653)	11,375,051
Special assessments against property owners	5,409,590	-	-	-	-	5,409,590
Community development block grant	1,707,855	-	-	-	-	1,707,855
Federal revenue sharing	138,945	-	-	-	-	138,945
RedGate construction and acquisition fund	<u>1,118,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,118,739</u>
Total investment in General fixed assets	<u>\$41,647,002</u>	<u>\$1,460,297</u>	<u>\$ -</u>	<u>\$1,008,648</u>	<u>\$(766,653)</u>	<u>\$43,349,294</u>

## CITY OF ROCKVILLE, MARYLAND

Schedule of Changes in General Fixed Assets  
By Function and Activity  
For the Year Ended June 30, 2002

	General Fixed Assets June 30, <u>2001</u>	Additions/ Transfers	Disposals	General Fixed Assets June 30, <u>2002</u>
<u>General Government</u>				
Mayor, Council, and Executive	\$ 158,722	\$ -	\$ (5,550)	\$ 153,172
Staff agencies:				
Legal	19,840	-	-	19,840
Planning	122,285	-		122,285
Finance	1,748,631	399,576	(290,655)	1,857,552
Engineering	207,412	-	-	207,412
Administrative services	18,496	-	-	18,496
Community relations and office services	604,179	11,115	(53,445)	561,849
Public building	<u>12,004,324</u>	<u>2,425,466</u>	<u>-</u>	<u>14,429,790</u>
Total staff agencies	<u>\$14,725,167</u>	<u>\$2,836,157</u>	<u>\$(344,100)</u>	<u>\$17,217,224</u>
Total general government	\$14,883,889	\$2,836,157	\$(349,650)	\$17,370,396
<u>Public Safety</u>				
Police protection	855,092	63,679	(4,944)	913,827
Protective inspection	<u>174,604</u>	<u>-</u>	<u>-</u>	<u>174,604</u>
Total public safety	\$ 1,029,696	\$ 63,679	\$ (4,944)	\$ 1,088,431
Transportation	3,629,911	470,837	(379,191)	3,721,557
Recreation	14,682,817	63,441	(32,868)	14,713,390
Construction in progress	<u>7,420,689</u>	<u>(965,169)<sup>1</sup></u>	<u>-</u>	<u>6,455,520</u>
Total general fixed assets	<u>\$41,647,002</u>	<u>\$2,468,945</u>	<u>\$(766,653)</u>	<u>\$43,349,294</u>

<sup>1</sup> Includes additions of \$1,460,297 representing construction in progress and transfers of \$2,425,466 as a result of completed construction projects.



## CITY OF ROCKVILLE, MARYLAND

Schedule of General Fixed Assets  
By Function and Activity  
As of June 30, 2002

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>
<u>General Government</u>					
Mayor, Council, and Executive	\$ 153,172	\$ -	\$ -	\$ -	\$ 153,172
Staff agencies:					
Legal	19,840	-	-	-	19,840
Planning	122,285	-	-	-	122,285
Finance	1,857,552	-	-	-	1,857,552
Engineering	207,412	-	-	-	207,412
Administrative services	18,496	-	-	-	18,496
Community relations and office services	561,849	-	-	-	561,849
Public building	14,429,790	2,202,492	11,114,176	541,395	571,727
Total staff agencies	<u>\$17,217,224</u>	<u>\$2,202,492</u>	<u>\$11,114,176</u>	<u>\$ 541,395</u>	<u>\$3,359,161</u>
Total general government	\$17,370,396	\$2,202,492	\$11,114,176	\$ 541,395	\$3,512,333
<u>Public Safety</u>					
Police protection	913,827	-	-	-	913,827
Protective inspection	174,604	-	-	-	174,604
Total public safety	\$ 1,088,431	\$ -	\$ -	\$ -	\$1,088,431
Transportation	3,721,557	39,511	34,505	231,671	3,415,870
Recreation	<u>14,713,390</u>	<u>5,644,008</u>	<u>3,054,893</u>	<u>4,136,877</u>	<u>1,877,612</u>
Total general fixed assets allocated by function	\$36,893,774	<u>\$7,886,011</u>	<u>\$14,203,574</u>	<u>\$4,909,943</u>	<u>\$9,894,246</u>
Construction in progress	<u>6,455,520</u>				
Total general fixed assets	<u>\$43,349,294</u>				

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